App. F. IX-4

192

File No. Legis

Previous References (Legislation)

Serial Nos. 35-12
50-412

Later References

P-372

General and Revenue Secretariat.

Serial Nos.

Part B for

SUBJECT

Mysore Income Tax Regulation
VI of 1920

No. C. 133/Bnd 3 books.
15. 11. 12.

Subsr. No. 4.
15. 7. 12.

I. No. 73
22. 10. 14.

No. C. 260
26 11 14

G.R.S. 11] 1912-13

GENERAL AND REVENUE SECRETARIAT.

(Legn)

NOTES

File No. 50-12

FILE HEADING.

The Mysore Income tax Regulation

From

No.	Dated	Received

Diary No.	Enclos.	Spare Copies.	Serial No.

~~BRIEF ABSTRACT OF LETTER.~~

An Income Tax Bill for Mysore

NOTES AND ORDERS.

GPB—30,000—12-8-11

General and Revenue Secretariat. | File No. of 191

Serial No.

A draft Regulation to provide for the levy of Income-tax in Mysore is put up. As directed personally by the Dewan. The Bill is based on the British Indian Act, with such changes in drafting as are necessary for adapting it into Mysore.

I have taken the advice of the Financial Secretary on one or two technical matters. ~~that occur in the Bill.~~ In the course of a conversation he suggested that if it is decided to have an income tax Regulation, departure might be made on one or two points from the Br. I. Act.

Firstly, he is of opinion that all inquisitorial proceedings provided for in the British Indian Act to find out the true income of a person should be minimised if they can not be altogether done away with. To this end he proposes that the persons liable to pay tax under part ~~II~~ III may be divided into ~~four~~ four or five broad

NOTE—Contn. sheet.

GPB—20,000—20-1-12

Serial No.

dwellers, So that there Could be no difficulty in assigning a particular person to his proper class. ~~For instance~~ The tax payable by the persons coming under a particular class shall be the same, there being no differences among them though their incomes may vary within the limits laid down for the class. In other words the tax will be more of the nature of a license tax, and the necessity for inquisitorial proceedings will be reduced to a minimum.

For example, the persons liable to pay tax may be divided into five classes viz

(1) those whose income is

~~(a)~~ more than ~~Rs~~ 1000/- but less than ~~Rs~~ 5000/-

(2) 5000/- 10000/-

(3) 10,000/- 50,000/-

(4) 50,000/- 100000/-

5 100000/-

GPB—20,000—20-1-12

Serial No.

As the Assessment & the tax will be made by our Land Revenue officers who are in intimate touch with local people they will find very little difficulty in saying whether a particular individual falls under class (1) or class (2) & so on. If necessary the divisions may be made even broader. In that case there will practically be no occasion at all to have recourse to inquisitorial proceedings.

4. This plan will no doubt result in some loss to the Govt as the ~~payment of the~~ amount of the tax will not always vary with the income within certain limits. This may be made up by increasing the rate of tax for the higher classes. In fact this seems to be the true Economic rule as the amount payable should bear as far as possible a reasonable proportion to the total income assessed. A man paying five pies in the Rupee on a total income of Rs 2000/- pro caeteris is more heavily taxed relatively than one

NOTE—Contn. sheet.

G. R. S. 12]

General and Revenue Secretariat. | File No. of 1

Serial No.

The Financial Secretary also suggests that above the highest class the tax may be graduated on a rising scale for every increase in income of a definite amount or fraction thereof. This will further equalise the distribution. SH

who pays at the same rate ~~as~~ on actual income of ~~Rs~~ 10,000/- for example if the tax is graduated on a sliding scale somewhat as above, there will be a more equitable distribution of the tax.

The point is submitted for the consideration of Govt

SH (2) And the point which the ~~Fin~~ Financial Secretary said might be considered by Govt has relation to the liability under the Bill of the

NOTE--Contn. sheet.

Serial No.

On this point suggested by the Financial Secretary relative to the liability of the payment of the tax of the Companies working in Mysore but whose profits are realised and accounts made up outside Mysore Eg. The Maharaja's Mills in Bangalore. The question whether the definition of the words "Company" and "income" in the Bill read with clause 10 (Sec" of the Br. Indian Act) is sufficient ~~to infer~~ authority for imputing liability to a matter that requires investigation. Such Companies pay income tax to the Governments under whose jurisdiction they reside but this perhaps does not affect their liability to pay such tax to the Govt under whose protection they carry on their work and realise their profits - tho' the output may be converted into Cash Elsewhere

(3) The British Indian Act gives certain appellate powers to the "Commissioner of Division" in the matter of Assessment etc (Cl. 26.)

NOTE--Contn. sheet.

GPB—20,000—20-1-12

G. R. S. 12]

General and Revenue Secretariat.

File No. of 191

Serial No.

As there is no such function in Mysore I have used the Expression "Commissioner of Income-t This does not necessarily mean a separate appointment [illegible] As one of our Heads of Departments (E.g. Excise Comm^r) may be appointed "Comm^r of Income tax" Ex officio for the purposes of the Reg^n

Subd to Sec^t

18/9/12

1st Council.

13/7/12

13/7/12

The question of resorting to any additional taxation at all requires careful consideration before the framing and publication

The Finance has directed that the file may be handed to him thro' the Secretariat Early

16/7/12

NOTE--Contn. sheet.

GPB—20,000—20-1-12

Serial No.

of such a bill. That may first be discussed at a meeting of Council & if the measure is resolved upon, its form and provisions may be decided upon subsequently

15/7/12

23/2
10-7-12

Dewan 23
16/7

This may be brought up at a council meeting for an informal discussion

14.11.12 LB

Secretary

Circulated to Councillors

23
14/11

Received this day from the 2nd Councillor's Clerk. This will be noted for bringing up at the next meeting of this Council

23
23/11

NOTE—Contn. sheet.

GPB—20,000—20-1-12

Extract from the Proceedings of the 292nd *Meeting of the Council of His Highness the Maharaja, held at* Bangalore *on the* 5th February ~~190~~ 1913.

3. Subject.-(Clause i of the Schedule).

Introduction of an Income-tax Bill in Mysore.

Opinion of the Council.

This may be taken up after the receipt of the report of the committee appointed by the Economic Conference to consider the question of increasing the Revenues of the Stat

Sd/- M. Visvesvaraya.
Dewan of Mysore.

"E x t r a c t"

Secretary to Government.

GPB-1000-13-5-08

J Mins 101
14/2/13

G. R. S. 12
General and Revenue Secretariat.

File No. of 19

Serial No.

Extract J. Co 120 ceded
& pursuant

As decided by the Council
this Case may be submitted for
orders after the receipt of the
Report of the Committee appointed
by the Economic Conference to
consider the question of increasing
the Revenue of the State.

B iii

23
13/2/13

(The Branch shows arrangements
to keep Beef in Juneau & the
Committee's work. So that it may
know when the Committee's report is
sent up.).

Draw 14/2

14/2

Customs Law Act 1886
Statutory Rules & Orders Rev II
Gold Coast Gazette supplement
Jan: to June 1886

Typ Note
corrects

SN 14/2/13

Submitted with a D.O. to the Provisional
secretary, Economic conference for
information as to the stage at which the
matter now is.

J Mins 101.
R 14-2-13

(58) SN
25/2/13 25/2/13

Issue
SM
28/2

Rec
27/2

NOTE—Contn. sheet.

GPB—50.000—12-8-10

Misc 101/1912-13

G. R. S. 12]

General and Revenue Secretariat. | File No. | of 19

Serial No.

D.O. No J 25-35 dated 27/2/13

To K. Subba Rao Esqr. B.A. Provisional Secretary Mysore Economic conference, Bangalore

Requests him to inform at what stage the question of increasing the Revenue of the State is at present and when the report of the committee appointed to consider that question may be expected

D.O. No 533-E.C. dated 28/2/13

From K. Subba Rao Esqr. B.A. Provisional Secretary, Mysore Economic conference

Informs that the subject has been assigned to the Agricultural committee and the committee for Industries and commerce and that their deliberations are due to the conference in June 1913

Submitted

(58) JN 5/3/13

4/3/13

Bring up about the time of the next Economic Conf.ce

Yes Sd/ 5/3

Submitted

The conference will be held at Mysore on the 12th June 1913

(58) JN 10/6

17/6/13

Please bring up at Mysore next week

Yes Sd/ 16/6

NOTE—Contn. sheet.

GPB—50,000—12-8-10

101-12

G. R. S. 12]
General and Revenue Secretariat.

Legis File No. 57 of 1912-13

Serial No.	
	It is understood that the Economic Conference has approved of the proposal to levy income tax in Mysore. The report of the Economic Conference to Govt on the subject may be awaited
	Sd/ 23/6
23/6/12	~~Submitted~~

NOTE—Contn. sheet

GPB—50,000—12-8-10

GENERAL AND REVENUE SECRETARIAT.

( )

NOTES

G. Re File No. 67 of 13

FILE HEADING.

Industries and Commerce in Mysore

From

The Secretary Economic Conference.

No. 114 Dated 22.7.13 Received 24/26.7.13 (F)

Diary No. 618	Enclos. 1	Spare Copies.	Serial No. 15

BRIEF ABSTRACT OF LETTER.

Submits for the consideration of Govt the resolutions passed at the Birthday Session of the Conference of 1913 about the levy of an income-tax and the consideration of the question of levying an export duty on certain articles such as hides, skins, leather &c.

NOTES AND ORDERS.

Subd for orders

NR 25/7.13 Secretary

KR 26.7.13.

The question of imposing fresh taxation such as the Income tax is

R. S. 12]

General and Revenue Secretariat. File No. of 191

Serial No.

A matter that should be dealt with in the Financial Secrett, & the file may therefore be transferred to Br II for needful action.

II)

CSB
28/7/13

2
Subd
28/7

Fl nos 231-13

2 - Proposals submitted for consideration are as follows:—

(1) Lessen the income tax - the taxable minimum being 1000 Rs and an abatement of 500 Rs being given on incomes between 1000 and 2000 Rs, the rate being 4 pies in the Rupee. On incomes between 2000 & 3000 Rs no abatement should be allowed but the rate to continue at 4 pies in the Rupee. For incomes over 3000 Rs the tax might be 5 pies in the Rupee & no abatement will be allowed either.

(2) The income tax be earmarked for the expansion & improvement of primary education.

(3) The tax on oil mills be abolished

(4) Whether ~~each~~ 4 pies Rupees may be levied in these hard times

(4) Taking up the several questions in

NOTE—Contn. sheet.

GPB—65,000—17-6-12.

Serial No.

the order observed it may be supposed as follows.

1. Income tax. The Committee have not considered the necessity for the levy of this tax. They have taken it for granted that the State revenues want supplementing and one of the modes of supplementing have proposed levy this tax. However on principle the levy of the tax is unobjectionable as it is a direct tax and is levied on persons who can well afford to pay. The scheme as proposed has an advantage over the British Indian tax in that it allows a rebate of 500 Rs on incomes between 1000 & 2000 & for incomes between 2000 & 3000 the lower rate of 4 pies is suggested to be imposed.

(5) 2) It does not take one long sitting to see that the ordinary revenues are not sufficient to meet the ordinary expenditure and during the last few years we have been drawing upon our adventitious revenues — which under sound canons of finance, on the absence of borrowing powers, have to be solely devoted on reproductive works but utilised for ordinary expenditure — to the extent of 5 lakhs per annum & that the Retrenchment Committee have not been able to show any retrenchments as possible. We also see that all round there are [illegible]

NOTE—Contn. sheet.

R. S. 12]

General and Revenue Secretariat.

File No. of 191

Serial No.

for increased Expenditure on Strengthening improving & Expanding Establishments. In these circumstances it is very necessary to supplement the revenues and as other heads of Revenue are not capable of further Expansion recourse will have to be made to Taxation. Under Taxation, direct taxation has been preferred and at the head of direct taxes may be placed the Income tax. There is then ample reasons for the imposition of the Income tax and a replication on the lines of the British Indian Act will have to be passed for collecting its levy.

(4) It has now to be considered whether the levy of the tax be enough in a handsome return. Of course the cost of collection in the case of Income tax is almost negligible as the Rev authorities do the work in addn to their ordinary work but unless the tax brings in an adequate return its levy will have served no useful purpose. In Ugone there is very little of trade or industries on which we can rely for a handsome tax and the salaries of the Govt Establishment & the much precarious yields of the mandirins

NOTE—Contn. sheet.

GPB—65,000—17-3-12

Serial No.

In our discussions & considerations the mines have always been kept in view but express mention was not made anywhere for obvious reasons. The aim is of course to get them in. Our regulation should be so framed as to ~~expose~~ bring in the mines within its operation. Any objections which ~~may~~ be raised in any quarter will have to be fought out. But I think the tax should be levied in any case irrespective of the mines question. It is only when we really have an act & apply it to all, that the case for bringing the mines under contribution will become strong.

M
13/8/13

and the incorrect and doubtful profits of the moneylenders will not in themselves bring in any appreciable revenue & would not for my humble opinion justify the levy of the tax. Here however the gold mines which have been making enormous profits and if they are taxed the return would be very handsome the tax would then have really served its purpose of supplementing the existing revenues. There moreover a legal question though I may be permitted to state that, being the tax a levy for fiscal purposes one Country would not be expected under the law that these Companies pay income tax in England does not exempt them from paying ~~dividend~~ income tax. The profits are earned here though they may be or retained or declared there & so it is submitted that Mysore has a right to tax them.

(2) Assuming therefore that the mines will also be levied under contribution as otherwise the levy of the tax would not bring in any adequate return there is no financial objection or latter on the contrary the finance dept would welcome the levy of an income tax

NOTE—Contn. sheet.

Serial No.

as suggested by the Committee. There however one point that has not been touched upon by the Committee. In these days when life is uncertain every reasonable person has insured his life and has therefore to pay his premia. In British India premia paid to insurance companies are passed abatement of income tax subject to the limit that it does not exceed 2 months pay of the person. Such an abatement is necessary here also and I move submit for consideration in this connection in that all premia paid without any limitation be passed abatement on income tax. I move a account to teach thrift and as income arising from the loans when advised by profit which becomes taxable there would actually be no loss but the Govt would be beneficial to the party concerned.

(x) (xi) The levy on income tax may therefore be launched and an act passed the rate of tax the taxable income being

(i) 4 pies nothing on incomes below 1000
(ii) 4 pies on incomes between 1000 & 2000 an abatement of 500 Rs being given
(iii) 4 pies on incomes between 2000 & 3000
(iv) 5 pies on incomes above 3000

yes, our regulations following the British Act should provide for this. MR 13/1

NOTE—Contn. sheet.

GPB—65.00—173-

General and Revenue Secretariat. | File No. of 191

Serial No.

provided also that an abatement of the tax will be allowed at the rate levied on all premia paid on a life Insurance Company for a policy of the tax payer on life or property on the receipt basis of the Insurance Company in addition of the tax.

(2) The next question that is submitted for consideration is that the cess leviable & the levy of the Income tax should be earmarked for expenditure on Education. It is one of the first principles of public finance that heads of revenue or receipt should be earmarked for any particular kind of expenditure unless it be a Cess or a tax levied for a specific purpose. Revenue derived by general taxation should be at the disposal of the State and the needs of the various departments are examined & the just shares allotted at their discretion. It may be remarked that Edn has in the past and is even now receiving considerable attention & large additional grants are being made. In the future it has been arranged to increase the grants for (1) Cattle receiving Rs 2 lakhs & (2) Veterinary Hospitals receiving Rs 1 lakh. Hence Education has had more than its proper measure of attention & whether desirable or necessary to earmark the receipts from the Income tax for Educational purposes. If the case is made out shall

(1) 4.10.000
(2) 7.50.000
Revised
12/8

NOTE—Contn. sheet.

GPB—65,000—17-3-12.

Serial No.

more liberal treatment, addl. funds can always be found when revenue can be earmarked for the purpose. The proposal of the Committee is opposed to the first principles of public finance & cannot therefore be supported.

(16) The third proposal is the abolition of the oil mill tax. This tax is proposed to be abolished on the ground that it stifles independent industry and brings in only 10,000 Rs per annum. Accepting the principle that "de minimis non curat lex" in each of which case he earns something it will not be equalising the burden of taxation if one is taxed once only and the other avoids taxes altogether. The oil mill tax is a protective in name it is a tax and at best may be considered akin to excise duties. There is no reasoning either to foster it by taking away the tax on oil mills nor does the tax appear heavy. The oil presser claims the cake which is more costly & likely to increase in demand as agricultural improvements are effected. The condition of the oil presser would be only be one of affluence. Nor is it always the oil presser that is the seller & that a license fee would ensure the proper

I agree. M 13/8

I am not for retaining oil-mill tax as a provincial tax. Of course local bodies like municipalities may have it along with other professional taxes. M 13/8

NOTE—Contn. sheet.

Serial No.

for the reasons here seems to be no reason to object to the tax which is capable of expansion if the oil pressing industry expands as it is bound to do for the purpose of supplying oil cake at least when improved methods of agriculture requiring manuring take the place of the present traditional methods. When Sonpet Bye given up because we are getting something from Mechelbatten are also taxed in this way the last subject for consideration is the desirability of levying import & export duties on skins, hides & leather. The question of import duties brings the counterpart export duties also on the tapis. If even if the Nizams for there is to be an ad valorem 5% import & export duty on all articles there would be no objection in the sense that some revenue would be realised for the State but as these taxes are shifting they always shift forward & the consumer is that pays. ~~Now~~ in other words the price to the purchaser will be greater & so the degree subject will pay much more for an imported article than what he now pays. ~~The~~ ~~proposed~~ If instead an import duty only & an export duty is levied the surrounding British Dts will retaliate & levying an import duty & the net result is that there will be no export & the trade

What are the other taxes of this kind — Under Motor tax (provincial) amongst tax on business ~~the~~ oil-mill tax only Services - M 15/8

Main sources of the Consumer Report.

NOTE—Contn. sheet.

Serial No.

Hms 231-13

owned thereby precluded. As India is a free trading country and Lord Curzon when Viceroy vehemently opposed even the preferential tariff) it is for fear that the rest of the world owned retaliate on India that its supplies commercial resources be cannot afford to make our neighbours our enemies by levying such a duty. We export a lot of things from outside but it is in their own interest that they get them as cheap as they can but if the other countries retaliate by levying an export duty on things required by them they will be the loser. The question of levying export duties therefore requires much further consideration may therefore be dropped.

9.8.13

The levy of a 5% export duty on selected articles such as hide will only have the effect of taking away a small slice from the large profits of some middlemen & seems unobjectionable

Import duties will press on the poor classes and as one of the objects of these fiscal reforms is to equalize the burden of taxation by making the richer classes according to their means pay, nothing should be done to increase the burden on the poor classes. Prices are already high & the poorer classes are hard pressed and we should not add to their difficulties by imposing a general import duty.

(12) I certainly think it desirable for the Govt to get powers to levy export duties on selected articles. The power

NOTE—Contn. sheet.

Serial No.

When obtained may be used after full consideration in respect of coal article of export.

M
13/8/13

4687
19.8.13

Dewan)

Please circulate to Council.

The subject was discussed thoroughly at the last meeting of the Economic Conference and I think that a good case has been made out for the levy of an Income tax.

I think that, before drafting a bill for introduction into the Legislative Council, it is desirable to consult the Hon'ble the Resident informally in the matter, & if the Councillors accept the principle, a brief note may be prepared explaining the need for the imposition of the tax and the main features of the scheme as now proposed.

(16) 4 If the Councillors are agreeable, I think it would be a wise policy to ascertain the views of the members of the Representative Assembly regarding the proposed tax. In the last year's meeting, the subject was brought up by one of the members themselves and we may therefore anticipate a certain measure of support from the representatives of the people.

NOTE—Contn. sheet.

GPB—65,000—17-6-12.

Serial No.

5(1) As to the objection raised by the Financial Secretary to ear-marking the additional revenue derived from the tax towards the extension of Primary Education, I am of opinion that we may note the recommendation of the Committee. We have already decided to increase the expenditure on education and the increase has also been effected already. This ought to serve as sufficient justification for the tax at present.

6(1) The following further points have been raised incidentally for consideration:-

(1) Bringing in the Mines within the operation of the Regulation.

(2) Exemption of premia paid on insurance policies.

(3) Abolition of the oil-mill tax.

(4) Levy of import and export duties.

7(1) I am of opinion that the Regulation should be so framed as to provide for both (1) and (2). The oil-mill tax may be abolished as a general levy and it may be left to local bodies to levy it if necessary as a professional tax.

8(1) The question of the levy of import and export duties is a very difficult one. I agree with the Financial Secretary that it is desirable for the Government to levy export duties on selected articles like hides. But this question should be taken up separately for consideration in a new file and a note put up.

NOTE—Contn. sheet.

23.8.13.

GPB—65,000—17-6-12.

G. R. S. 12]

General and Revenue Secretariat. | File No. of 191

Serial No.

Send papers for favour of pending Circulation

25.8.18.

C. Section
Circulate
25/8

I shall send in my note on this subject in a day or two. In the meanwhile the file is returned to the Office as requested by telegram.

3/10/13

What about telegram? Who?
4/10/13

P. T. O.

NOTE—Contn. sheet.

GPB—65,000—17-6-12.

R. S. 12]

General and Revenue Secretariat.

Subject Income Tax

File No. of 191

Serial No.

In some suitable form or other, the report made by the Committee of the Economic Conference should be published for the information of the Public together with the decision of Government that the question will not be taken up for one year. The Financial Secretary will kindly put up the necessary draft for issue to the public and the departmental officers.

23.10.15

Forwarded to Fin. Secy. with Compliments

W. Sinclair

24-10-15

SUBJECT No. 166.

The Income Tax.

1) Mr. S. Sitaramiah, Shimoga taluk.
2) Mr. C. Subba Rao, Shimoga District Board.
3) Messrs. K. Shankaranarayana Rao, Nagar Sabha, Veene Rangaswamaiyengar, Krishna Setti and Subbaraya Mudaliar, Seringapatam taluk; Ahmed Saib, Nanjangud municipality, Padmanna & K. Venkatasamaiya, Nanjangud taluk
4) Mr. G. Chandappa, Shimoga municipality.
5) Messrs. N. Subba Rao and Mylarappa, Nagar taluk.
6) Mr. S. R Balakrishna Rao, Shimoga municipality.
7) Mr. P. Venkappiah, Shimoga municipality.
1) & (2) Messrs. Kotturaiya and Singri Nanjappa, Tiptur taluk; Sivaramaiya, Srikantiah and Narayanasetti, Maddagiri taluk; Kodandaramasetti and Channabasavaiya, Tumkur taluk; Chik Ramanna and Girmaji Rao, Kolar taluk; Gopala Rao, Kolar municipality, C. Narayanasami Chetty and Krishnachar, Kolar District Board; C. Krishnamurti, Law Association, Bangalore; B. Chinnasami Chetty, Commercial Association, Bangalore; B. K. Garudachar, Bangalore City Municipal Council.
8) Messrs. S. Venkatesaiya, Hassan District Agricultural and Industrial Association; K. Ramanna, Hole-Narsipur taluk; Chowdaiya, Dasappa and Hariyanna, Arsikere taluk.

DIARY No. 5178
2013:014
SECTION 9.2.
150-13.
SUBJECT 4.

Summary of discussion.—(1) The proposed levy of Income Tax on the salaries and income of Government officials and other persons following the various professions has created much agitation and anxiety among the classes concerned. It is considered, not without good reasons, that there is no necessity for the levy of the tax and that the advantages to be derived from it are very few as compared with the trouble and anxiety the public will be put to by its levy.

(2) It is by no means desirable to impose the proposed Income Tax as the people have already been sufficiently burdened with several other taxes. Moreover the revenue which may be expected from this tax will be very small when compared with the revenues to be derived from other sources. If more money is wanted an export duty may be levied on certain articles, *viz.*, paddy, hides, etc.

(3) Having regard to the present financial condition of the State, there does not appear to be any necessity to levy the proposed "Income Tax." The practical working of the rules is beset with difficulties and the inconvenience that is sure to occur will far outweigh the anticipated advantages. It is therefore prayed that this Tax may not be introduced into the State.

(4) The object of levying Income Tax is said to be the extension of education. As this cannot be of benefit to all classes of the subjects of the State, the object of the levy is frustrated. The cost of the extension of education should be met from the general taxes collected from all communities.

(5) Some permanent benefit to the subjects of His Highness the Maharaja in commemoration of the Coronation of His Majesty the King-Emperor was prayed for during the last session of the Assembly and the subject was recorded. If it is intended to show any such benefit, it is prayed that the proposal to levy the Income Tax may be kindly dropped.

(6) The members of the Representative Assembly may be asked as to what tax they would recommend to be levied.

(7) *Per contra.*—The Income Tax proposed to be levied for the extension of primary education may be introduced early.

(8) All the papers connected with the discussion of this subject in the Economic Conference and its committees may be published so that the general public may have an opportunity of submitting their considered views

on the subject to the Government. It is particularly requested that detailed estimates of the yield of this form of taxation may be published, and that if such estimates have not been made already, they may be directed to be prepared and published.

Note.—Free discussion was allowed on this subject. Of the members that spoke some were for the measure, and some against it. Those that were in favor based their opinion on one or another of the following grounds :—

The levy of the Income Tax was necessary in order to equalise the burden on all people alike; the principle of taxation being that every one should contribute for the expenses of the Government. Under the present state of things it is the agriculturists alone that so contribute, while merchants, lawyers and salaried servants of Government paid nothing. This was anamolous and unfair to the raiyat, considering that all enjoyed the benefits of good and progressive Government equally. Further, what was paid by the agriculturists in villages was spent for the advantage of people in towns, *i.e.*, for non-agriculturists who paid nothing. Equalisation of the burden was therefore necessary, and this could be done by levying the Income Tax on those who were not contributing anything in the shape of general taxes. It was at the same time necessary to minimise oppression by subordinates in the collection of the tax by devising suitable remedies therefor. It was further desirable that the money raised by the new Tax should be utilised solely for the purposes of education.

Those who were against the introduction of the measure urged the following arguments :—

The necessity for the levy of the Income Tax was based on the fact that Government were feeling the want of funds for undertaking progressive measures. To make out such a necessity, the Government should take into consideration only ordinary receipts and expenditure, leaving out extraordinary receipts and expenditure. Next granting that a necessity for funds was made out, other methods should be resorted to for obtaining the requisite funds. In the first place, attempts should be made to save money by effecting retrenchments in the present expenditure. Another way to get the necessary funds for education, etc., was to reserve certain items of income for the purpose, *e.g.*, profits of investments. Money for productive works may be raised by creating a National Debt as in other countries. Even if the tax was to be levied much money would not be forthcoming, and the expenses of collection would perhaps be as much as the

revenue coming in. The data available for calculation of the tax could at best be inaccurate. There would also be much scope for oppression of the people by the subordinate executive. Rather than levy an Income Tax, it was better to impose an Export Duty in view of the rise in the price of food stuffs.

The sense of the Assembly having been taken by calling for votes by a show of hands, 43 voted for the measure and 81 against it.

Reply of Government.—The tax will not be levied and the subject not taken up for discussion for another year.

5) 2) Subd. The proposals in this behalf in previous years were considered in B.L.R. and the Economic Conference Committee. The file is understood to be before the Asstt Secretary.

Ch 31 SW 22/7/14 24/7

3) What further action can be taken can be submitted

Mr [illegible]

7 4) Submitted. This may be forwarded to the Economic Conference Committee for favour of remarks, if any, in the light of the various observations & representation of the members of the Representative assembly

Ch 31 29/7/14

31.7.14

Vide 18 ante 31/8/14 5) Forwarded unofficially to the Secretary to the Economic Conference Committee

For Secretary

No. 297/E.C.

b) It is not quite clear from the file what further action is necessary regarding the question in the Economic Conference office. A separate Committee was constituted by the Conference of 1912 to consider the question of 'Fresh sources of revenue and to suggest to Government the most equitable way of finding extra funds for carrying on the progressive measures for the improvement of primary education etc. The Committee submitted a report recommending the levy of incometax. The report was considered by the Conference of 1913 and a resolution was passed by a majority of members present and voting, for levying incometax. The resolution of the Conference was submitted to Government in this office No. 114 dated 22nd July 1913 and no reply has yet been received as to how the matter stands. Since the reply of Government to the Dasara Representative Assembly of 1913 implies that the subject will be taken up for discussion after the lapse of one year, I think the matter may be brought up for discussion at the ensuin Dasara Representative Assembly.

C&S
8/8/14

Br. II)

Submitted for orders.

W.D.W
10/8 detected

8) Which section is dealing with A? Pra

G. R. S. 12]

General and Revenue Secretariat. | G.J. File No. 180 of 1914.

Serial No.	
	Post up the file. M 18/8
	The file referred to obtained from the Asst Secy is herewith put up. 20/8 SN 15/8/14. [I am very sorry for the unpardonable delay that has occurred in this case for which I am alone responsible. I had kept this file with me in the shifting of the rooms & the pressure of work & they are depressed mental condition in the file for which I take up. As a rule all important files are not kept up for more than a fortnight (keeping delays & pressure delays excepted as can in future). (a) In the disposal of the file except the draft to the Secy Economic Conference I have also pressing & important the papers as a matter of public interest I would suggest that the following papers relating to the proceedings of the Evaluation Committee may be printed in the Memo & placed at the disposal of the Press. (Papers stated in the Evaluation Committee's report)
A 6	

NOTE—Contn. sheet.

GPB—10,000—13-6-14

G. R. S. 12]

G1

General and Revenue Secretariat. | File No. 180 of 1913.

Serial No.

Ready for consideration whether the subject has been transferred for discussion at the next year's D.R.A. meeting or the one year promised by the Dewan will be over.

A draft of the memorandum is also submitted for approval & other orders.

11/Dec/14

11/8/14

If What is to be regretted more than the delay that has taken place in the disposal of the case referred to at A in the Edn Dept Secy's note of 8.8.14, is the superficial & hasty manner in which that note was disposed of by Asst Secy Fin. Instead of trying to ascertain where the file referred to at A was & at what stage he simply submitted the matter to Fin. Secy for orders. Either he did not read through Edn. Secy's note of 8.8.14 which he was dealing with or he absolutely failed to realise what it was about. Unfortunately this is not an isolated case but represents the general level of work

NOTE—Contn. sheet.

GPB—10,000—13-6-14

G. R. S. 12]

General and Revenue Secretariat. | G. 7—File No. 780 of 1913

Serial No.

coming to me from the Jud. Branch—

(12) Even now in the mass of papers bundled & sent up there is no attempt to state clearly the papers that are pending & the points on which orders are required—

(a) I agree with Eden Secy that the subject of Income-tax may be again discussed this year in the R. A.

(b) I think that the report of the Taxation Committee may be made available to the public & press in its entirety—

(c) The question of levying an income-tax may be finally considered by Govt. after the subject is discussed in this year R. A.

(13) I think the above opinion recorded by me embraces all points now under consideration. If there are any other points A/S Fin. will please put them up in a proper manner for opinion or orders as the case may be

M
20/8

7 (14) Subd
The letter No 114 referred to by the Secy/Rev A
was marked upon Butt and was submitted
to the Dewan in the usual Course when
it was discussed and finally there

GPB—60,000—25-9-13.

G. R. S. 12]

General and Revenue Secretariat. | G 7 File No. 180 of 1913.

Serial No.

by him with understood that a Hers Communique
may be issued after the Yr has discussed
at the D.R.A. The Secy had proceeded
to Mr Shamanna for doing these &
under Jany 4th the year received fresh
instrs that a Mtg of the Secy & Sts
may be held that postponed the
consideration of the Yr for 1 year & that
a Extract from the Conference Committee
proceedings may be selected & the Secy &
the Secy should be issued as a Hers
Communique. Two drafts prepd
on a former occasion were not
approved & pleases mentioned in
my last note the papers for which up
When the file in response to the
Secy's query was placed upon my
I submitted the above note for getting
the subject discussed again because
the Secy E&A said that no orders had
been received on his letter 714 which
is the identical one under disposal
in the present file.

15 When first the Secy Est's note
was read, it was submitted for orders
as to whether the matter should be
discussed at the next D.R.A
Mtg which was subsequently ordered on the
recommendation of the Secy Est.

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

General and Revenue Secretariat. | G.7 File No. 180 of 1913.

Serial No.

Orders are now solicited whether (1) the draft below to the Economic Conference may be sent to and to close the case as a Dept. matter that effect letter No 114.

(2) Whether the Report should not be printed in the usual manner as Dept. papers with the Govt. of India proceedings wherein the Dept. is interested and

(3) How the subject it has to be placed before the Repee Assembly should be worked up. Whether a note on the case may be submitted to the Dewan and his orders obtained for placing the subject for discussion at a Mahajana subject how such up Members are discussed & for can always bring up any subject forward for discussion at which it suits the opinion of the Assembly.

(4) Pending orders on the above the measures can now be taking will prevent delay in the kind in future.

Orders

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

D 10

General and Revenue Secretariat. | G7 File No. 180 of 1913.

Serial No. (17)

The file was taken to Secy in person and the following noli is put up according to his directions :-

The letter from the Secretary Economic Conference dated 22-7-'13 to which a reply is due refers to the following points

(i) the levy of an income tax

(ii) the levy of import and Export duties

(iii) the abolition of the oil mill Tax.

On each of these points the Dewan's orders were as follows (i) that Consideration of income tax may be postponed for one year (Replies D.K.Mudaliar and in some suitable form the report of the Tax Committee

Shd be published for the information of the public (Para 23)

(II) This Consideration shd be taken up separately for consideration in a new file and a noli put up. (Para 20 in G.O. No. 67 of 13)

(iii) This tax may be abolished as a general levy and it may be left to local bodies to levy it if necessary as a professional Tax (Para 19 in G.O. No. 67 of 13)

A reply to the letter of the Economic Conference saying that the Consideration of the income tax is postponed for one year and the other matters are engaging the attention of Govt is put up for approval.

Approved. May write. (1) M 4/9. for Secy

Issued. 11.29 8.9.1914

(18) Regarding the publication of the Report of the Taxation Committee there is

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

11

General and Revenue Secretariat. | G7 File No. 180 of 1913.

Serial No.

nothing in the whole of the printed proceedings of the Tax^n Committee which requires to be kept back from the public. So the report in its entirety may be placed at the disposal of the Press. As the reply to the D.R.A. in the matter of the Income Tax is publicly known, the public abroad is aware of the intentions of the Govt in the matter.

I agree.
MR
4/9
(1)

(1) Regarding the discussion of the levy of the Income Tax in the Coming D.R.A meeting, which is suggested by the Sec^y Ed A and agreed to by the Sec^y, if it is a point for orders if it should be started as a Govt proposition ~~or if~~ and if so, if any note is required to be put up by this Branch. From the list of general subjects which are proposed to be brought up by members — this list is still under compilation in the Dussera Sec^n — it is seen that Subject No 156 is as follows:-

Name given: B. Kesavayya Chickmagalur.

Subject: Income tax may be levied on non agriculturists to improve Education etc.

yes.
MR
4/9
(2)

(2) Perhaps if this subject may be taken as the starting point for the discussion. It is possible that when the list is

NOTE—Contn. sheet.

GPB—60,000—7-11-13

G. R. S. 12]

General and Revenue Secretariat. | G.7 File No. 180 of 1913.

Serial No.

Completed. Other proposals re increase tax income also be found.

2) Regarding levy of import & Export Duties the matter with it will be discussed in a separate file, as ordered by Dewan. The subject will have to be first discussed in the Political & Legislative Sections to examine if our govt is labouring under any (pol & political) disability to impose such duties – It will then be discussed in the F.C. Branch. Regarding the oil-mill tax, as other matters relating to Mobatarfa have been referred to the Special Committee of the Economic Conference lately formed, this may also be referred to it for opinion. If this is approved, the Sec? Economic Conference will be ~~written to saying~~ informed that it is the desire of govt that the recommendation about the oil mill tax may also be considered by the Spl Committee. Draft to Sec? Ec. Confce on this point is also sent.

he. 1.9.14

Dewan) 4/9/14

Subject to a separate file formed 11/9/14

Needle referred file about this 11/9/14

May issue after approval by Dewan. 4/9

(4)

(3) Resent)

1485 9-9-14

NOTE—Contn. sheet.

Read from Group III on 10.9.14

GPB—60,000—7-11-13

J Min 167-14

(13

Immediate

23) Mr G. Srinivasa Iyer is requested to kindly revise the draft bill in regard to income tax in consultation with the Fin Secy and to bring up the file to me before 4 P.M. today Draft

9/10

24) Revised Sub

28
9/10

25) ~~Sec 2~~ 1) with regard to the model assessment resolution, the British ~~Explosives~~ Asst provides that list being prepared under S 16, of incomes under Rs 2000/- for notices to persons with incomes of 2000 Rs & upwards. under S 18, person is empowered to modify the ordinary procedure.

26) 1) ~~&~~ S. 16 may be omitted, and plus British Act
to S. 18 may be added, another para with subclauses, embracing
the ~~factory~~ provisions S. 16.

27) If approved, the necessary alterations will be made, and the section will be redrafted.

17. (30

Points mentioned by Mr S. Shanmuga

D.O Correspondence with Mr Chakravarti about the defective wording of the I.T. Act rendering its applicability to GRO mines doubtful.

2. Papers received from Baroda about the I.T. case. (on Mr Madhava Rao's tour) Enquire in the D.O or C.S

3. Statement ———

Dr

9/10

GPB—1,000—19-7-13

(80

Extract from the Proceedings of the 335th Meeting of the Council of His Highness the Maharaja, held at Mysore on the 10th October 1914.

10. SUBJECT. - (Clause ii of the Schedule).

Draft Income-tax Bill.

ORDER OF THE COUNCIL.

80) 31 A bill for levy of income-tax may be drafted and brought up for consideration subject to the following terms:-

(a) The rate of assessment may be 3 pies in the rupee on all incomes.

(b) Incomes below Rs.1,200 per year may be exempted from assessment.

Sd. M.VISVESVARAYA,

DIWAN OF MYSORE.

"Extract"

D. M. Narasinga Rao

Offg.Secretary to Government.

Jonis 167-14 (327) G

G. R. S. 12]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

31) To Asst Secy, Dr III. for favour of necessary further action

Drees
16/10

32) Submitted with a clean draft Bill. The draft Bill has to be approved by His Highness in Council

SS
17/10

Note re History

Sec?)

Please make sure that the Mining Companies do come under the proposed Regulation. If there is any doubt in the matter (& I think there is), suitable amendment will be necessary.

Drees
22/10

A copy of the Index Act duly checked is put up. There is some difficulty in bringing the Mines under the Regulation. If it is decided to tax them, it will not be difficult to suggest suitable amendment.

Drees ag Sec
22/10

First Member)

No, not yet.

Has the Council Resn been approved by H. H. the Maharaja? If so, let me see the file please.

23/10/14

The case has not yet been submitted to His Highness. The idea was to draft a bill on the lines settled and then

NOTE—Contn. sheet.

GPB—60,000—7-11-13

4

General and Revenue Secretariat. | File No. of 191 .

Serial No.

to submit the case for His Highness' orders.

Dewey agrees 24/10.

First Member)

The matter is of sufficient importance to be submitted to ~~his~~ His Highness at this stage, when it has to be decided whether the income tax should at all be levied. The required legislation may be taken up afterwards. I am under the impression that a ~~much~~ shorter and simpler measure would be found possible, though at this stage I cannot be certain.

I was not present when the resolution was adopted at the meeting of Council, and as the question has not been decided by His Highness, I think it not out of place to give my opinion on the matter. But I state it shortly, as I do not expect that it will have much influence in the matter of final disposal, judging from the

NOTE—Contn. sheet.

GPB—30,000—15-9-14

Support the Contrary view has already received.

I think that the impost is unnecessary, and therefore uncalled for. From a rough Calculation, the income of the tax on salaries, I find, would be ready about 47000 Rs. I have no means of Calculating the tax on pensions. Perhaps it may yield about 10000 Rs. This is the only part of the ~~Excise tax~~ revenue that can be Collected without difficulty and without giving room to annoyance or fraudulent misrepresentation.

I do not know what the estimate of the income in the minds of those who proposed the tax is, but it cannot be more than 2 or 3 lakhs on the whole. This is but a small fraction of our total revenue, and

I am confident that this sum can be easily found by retrenchment if it is considered essential to find so much money in addition, for other expenditure.

10. I do not attach any value to the vote of the D R A on this matter. The Agrl members are apparently carried away by the thought that others are enjoying immunities which they have not. It is perhaps not generally known that it is not a rule of necessary justice that Agrl incomes should be exempted always & that in England, they are liable to pay the tax. In the case of officials already in Service & Pensioners, a case for exemption might be made

NOTE—Contn. sheet.

G.P.B—60,000—7-11-13

PRIVATE SECRETARY TO THE DEWAN MYSORE

Bangalore

20th Novembe 1914.

O. No. 2418/Finl pfs

Dear Mr. Narasinga Rao

I send herewith the file relating to the levy of Income tax in Mysore. You know the views of the Dewan in the matter. It would perhaps be well if the papers are kept confidential in the Council Section.

Yours sincerely,

D.M. Narasinga Rao Esqr., B.A., B.L.,
Secretary to Government,
General and Revenue Departments,
Bangalore.

Keep with C.S. & d'cs from Branches enclosed.

26/11

Chitty to state the law (1914-15) to be referred to Legislative Council 26/5/15

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Fin 971 of 16 G.F 5–1917–18.

No 87

24

K S/S Fin

A note on the income-tax question has to be submitted to Dewan before the end of this month. Please submit the file to me for study & instructions as to the lines on which a note is to be prepared

24.3.17

Supdt Sec II — I believe the papers are with Mr Dewan or put here. Please ask them about —

26/3/17

The confidential papers in the Council Secn are below hereinto

26/3/17

Asstt) 26/3/17

ND 1233—GPB—60,000—1-12-16—S.

General and Revenue Secretariat. File No. 35 of 1917.

Serial No.

INCOME-TAX IN MYSORE.

I. Past actions and discussions.

(1) In its Birthday session of 1912 the Economic Conference fully discusses Mr. J.S.Chakravarti's proposal regarding income-tax. etc., and passes Mr. M.A.Narain Iyengar's amendment that a special committee be appointed to consider the subject.
(pages 45 to 55 of the printed proceedings.) May 1912

(2) As directed by Dewan(Mr.T.Ananda Rao) Mr. Hiriyanniah,Assistant Secretary, Legislative Department, puts up a draft Income-tax Bill with a note written in consultation with Financial Secretary 10-7-1912

3) Council resolves that the question may be taken up after receipt of the report of the Committee appointed by the Economic Conference 5-2-1913

4) The Special Committee submit their report containing along with other recommendations the following: "That in the opinion of the Committee it is desirable to impose an income- tax on lines similar to those obtaining in British India with such modifications as local conditions may require". 18-4-1913

NOTE—Contn. sheet.

AD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | File No. 971 of 1916.

Serial No.	
	(5) Resolution of the Economic Conference at the Birthday session of 1913 accepting the Committee's recommendations as worded in (4) above by 26 votes for to none against. (Pages 30-37 of the printed proceedings) June 1913
	(6) The Representative Assembly fully discusses the question. Votes 43 for income-tax and 81 against. The Dewan declared -- "The tax will not be levied and the subject not taken up for discussion for another year. (Subject No. 166, pages 46-48 of the printed proceedings.) October 1913
	(7) The Representative Assembly again fully discusses the question. Votes 69 for income-tax and 61 against. The Dewan declared "If income-tax is levied rates less than those of British India will be adopted and the income ear-marked for education. Oct.1914 (Subject No. 127, pages 44-45 of the printed proceedings)
	(8) Council resolves that a bill may be drafted and brought up for consideration on a 3 pie rate and Rs. 1,200 per year exemption basis 10-10-1914
	(9) Papers ordered to be kept confidential in Council Section 20-11-1914.

NOTE—Contn. sheet.

ND 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | In File No. 971 of 1916.

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(10) The Representative Assembly again discussed the question. Views both for and against were put forward. No votes were taken.

The Dewan declared "The income-tax will not be levied just now but the -- reasons urged for the non-levy of the tax are not acceptable. October 1915

(Subject No. 170, page 45 of the printed proceedings)

II. Present Proposal.

(11) The matter may be considered in Council and if it is decided to levy income-tax, the general lines on which a draft regulation should be prepared may be indicated.

~~(12)~~ The Special Officer in his notes on the Export and Import duties, favours the levy of an -- Income-tax.

(13) ~~I am personally of opinion that~~ Income-tax ~~should be levied~~ on the following lines:-

(a) Income up to Rs. 1,200/- per annum to be exempt.

(b) Income from Rs. 1,201 to Rs. 6,000 per annum to pay ½ anna in the rupee.

(c) Income above Rs. 6,000 per annum to pay ½ anna in the rupee.

(d) All companies working within the State to

NOTE—Contn. sheet.

be

AD 1233—GPB—60,000—1-12-16—S. 4

G. R. S. III-2]

General and Revenue Secretariat. | File No. 971 of 1916.

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be liable to tax to the extent of profits earned in the State irrespective of the location of their head offices.

~~14~~. ~~As regards~~ The gold mines ~~they~~ now pay according to the agreement 5 per cent. on the nett proceeds as heretofore without change or abatement and also 2½ per cent. on all dividends as and when declared." Of course, the dividends declared, constitute the bulk of the net profits. What additional tax can be imposed on them is also a matter for consideration in Council.

18.4.17

6056
19.4.17

(Dewan)

The proposal is still in an incomplete form

It is for the Financial Secretary to make definite alternative suggestions and submit alternative estimates of revenue. It is hoped that he has by this time obtained information from Baroda as he had agreed to do.

A
3/5

When two or three alternative estimates are ready, the case may be brought up in Council.

It is hoped that this will not be delayed beyond six weeks.

2.5.17.

S.P.

NOTE—Contn. sheet.

ND 1263—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | Fin File No. 971 of 1916.

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Subd with a summary of discussion at the second session of the Representative Assembly held in April 1917 together with ~~a~~ Summary of discussion:-

Some members represented that it was necessary to levy income tax on foreign traders such as Marwaris, Labbais etc who earn much profit in the State but do not contribute anything to the State or to the Municipalities. They said that the tax should not be restricted only to foreigners but that it should be levied on all merchants

Messrs A Krishna Shastri M. Venkatakrishnaiya and many others spoke against the proposal as being unproductive

The general question of the levy of income tax was referred to a Committee who submitted a recommendation that the tax need not be levied at present.

The subject was very vehemently discussed at the assembly on the 25th April 1917,

In the end votes were taken with the result that 54 voted for and 92 against the tax..

NOTE—Contn. sheet.

2/5/17

R. S. III-2]

General and Revenue Secretariat. | For File No. 971 of 1916.

Serial No. 1

note contd.

The constitution of the Sub-committee appointed to consider the Income tax question at the R. A meeting, and its recommendation thereon are put up in the file

Hrs 7/5 (H Keey) Vide Dewan's order 9 2.5.17.

18 28.5.17.

Please send the following Telegram reply paid to Mr. Dalal:

When may I expect a reply to my letter of 26th April about income-tax rules in Baroda. Can you kindly expedite—

29/5/17

After the Telegram is sent A/s for this may bring up the file for discussion about estimating the yield. Case must go to Dewan before 15.6.17

29/5 15 30/5/17

A Telegram prepared as desired is sent at 1 Pm 30/5

30/5. Telegram sent and file sub.

30/5/17. A very rough statement of the probable yield has been prepared.

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

3

General and Revenue Secretariat. | Fl Secs File No. 971 of 1916.

Serial No.

It has been carefully verified once again.

Owing to the accumulation of work on account of many absence on casual leave, and to the higher work. 3rd Oct. being observed as Dewan's birthday it is necessary that some further time should be given for the disposal of this file.

Permission of the Dewan Saheb may kindly be obtained for submitting the papers by about the 15th of July 1917

Fl Secy)

15.6.17.

Memo submitted to Dewan.

15/6.

Dy. Secretary

Dated 9th July 1917

Some attached memo for Dewan's information & work up file quick please.

15/6

15/6.

52

G.R.S. III—3].

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Subs to Asst Secy Fin)

1) Financial Secretary desires to know when the Income tax file, due for submission to Dewan before the 31st inst., may be expected

Gds 1/7/17 2) I have been ~~the~~ studying the papers. I shall bring up on Monday —

If the H. Secy desires to see the papers earlier I shall do as ordered

18 28/7

1) Please bring up on Monday in complete form

M 28/7

1) Vide my note below.

18 30/7/17

H Secy)

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | Jm File No. 971 of 1916. 33

Serial No.

Note on the estimate of yield if Income Tax be levied in Mysore.

---

(127)

I First Proposal. As per Council resolution (1914)

Below 1200 annual income .. Nil.

1200 and above at 3 pies in the Re. - yield $2\frac{1}{2}$ lakhs ..

(1) Salaries and pensions &c.

(a) Salaries paid by Govt. - as per figures worked out from the budget .

No of assessees - about 700

Total income - 30 lakhs - Tax at 3 pies

= 47000

(b) Pensions paid by Govt. - as per figures obtained from the Comptroller's Office.-

Total income $4\frac{1}{4}$ lakhs. Tax at 3 pies

= 6500

(c) Salaries paid by local bodies - as per figures in the Civil List--

Total income 35000 - Tax at 3 pies

= 500

54000

(d) Salaries &c. paid by companies and private bodies:- as per figures worked out on

NOTE—Contn. sheet.

Respectively

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | In File No. 971 of 1916.

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population basis from published figures in Madras as indicated below --

Total 22,000

I Number of assessees in Madras:-

Income	No.	Rate	Tax	Average.
1250-2000	1500	4 p.	42000	28
2000 & over	2200	5 p.	220,000	100

Population in Mysore is 2/15 of Madras.

1st class	200	at 3 pies.	Av: 21 =	4200
2nd class	300	do.	60 =	18000
			about	22,000

(Number of assessees -- 500) I.

Total (1) 76000

(2) Profits of companies other than Gold mines:-

Total profits calculated as per published figures in some cases and at 6 per cent on the paid up capital in other cases in the absence of definite information about profits realized
Total profits 4 lakhs - Tax at 3 pies = 6000

(3) Interest on securities and Debentures as per ~~figures~~ calculation made on the total amount of Pronotes issued or authorised to be issued -
Total interest payable - $2\frac{1}{2}$ lakhs -
Tax at 3 pies 4000

(4) Other sources:- Figures estimated as per population basis from Madras returns-

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.	File No. 971 of 191 6.

Serial No.	

Tax from assessees (1800)
of income 1200--2000 @ 25 ... 45000

Tax from assessees (1400)
of income from 2000 and upwards..
@ 84 ... 118000

163000

[Madras.

(a) Income .. 1250-2000

No. of assessees .. 13,500

Rate .. 4 pies.

Tax .. 455000

per head .. 34

Population in Mysore 2/15 of Madras.-

Number - 1800 @. 3 pies - rate 25 = 45000

(b) Income
2000 and over.

Number 11000.

Rate 5 pies.

Tax 15,90,000.

per head 140

Mysore.

No. 1400 @ 3 pies rate 84]

Total (1) to (4), .. 2,49,000
or about 2½ lakhs.

NOTE—Contn. sheet

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

96

General and Revenue Secretariat. | File No. 971 of 1916.

Serial No. 126

II. Second Proposal:--

Exemptions of income less than 1200 per annum --

From 1200 to 6000 @ 3 pies in the rupee

6000 and over . 6 -do.-

(1) (a) Paid by Government.

Salaries:-

1st class - 1200 to 6000

Amount 16 lakhs at 3 pies .. 25000

2nd class - 6000 and over .

Amount 14 lakhs at 6 pies .. 43000

68000

Pensions:-

1st class 1200-6000

Amount $3\frac{1}{2}$ lakhs @ 3 pies .. 5500

2nd class

Amount $\frac{3}{4}$ lakhs @ 6 pies .. 2500

8000

(b) Paid by local bodies amount

1st class income 18000 @ 3 pies)
2nd class ,, 17000 @ 6 ,,) 1000

Total (a) and (b) .. 77000

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

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General and Revenue Secretariat. | File No. 971 of 1916

Serial No.

B. F.	77000
(c) Salaries paid by companies and private bodies.- Number of assessees as in Ist proposal 500 @ 3 pies ..	22,000
Addition on account of 6 pies on income of 6000 and over for 20 assessees as per Madras ratio.	6000
	28,000

(Madras.

Income of 10,000 and above -- about 150.

Tax @ 3 pies .. 45,000

Per head .. 300

Mysore population

2/15 of 150 = 20

Tax - 360 - 60 (included in 22000)

-- 300 x 20 = 6000).

Total (1)	1,05,000.
(2) Profits in companies other than Coal Mines @ 6 pies in the rupee ..	12,000
(3) Interest on security at 6 pies...	8,000
(4) Other sources as in 1st proposal 3200 assessees at 3 pies ...	1,63,000
Excess on account of 6 pies on incomes of 6000 and above as per Madras ratio ...	75,000
	2,38,000

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.	File No. 971 of 1916.

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(Madras income of 10,000 and above

No.1000

Tax at 5 pies -- 5½ lakhs

Per head 550

Mysore Population No.130

Per head at 6 pies -- 660

Minus 84 included in the first proposal

Total -- 75,000/-).

Total Revenue as per Second Proposal

3,63,000

Deducting cost of collection at 3 per cent. as in Madras about 12,000, the net yield may be taken at 3½ lakhs.

In Baroda the collection is made through the Revenue Agency.

The yield according to the Second Proposal works out at 1 anna per head of population in Mysore and agrees almost with ~~the proportionate amount as per~~ the incidence in Mysore incidence in the Native State of Baroda 1.2 as. and British Presidency of Madras, 1.3 as. as shewn below:-

A. Baroda population 20 lakhs

Yield of tax 1½ do.

Incidence 1.2 annas.

Income	
Rate 0-750	Nil.
750-1000	Rs.10 lump sum
1000 and above	1½ per cent.

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | File No. 971 of 191 6

Serial No.

B. Madras -

Population - 414 lakhs.

Tax yield - 33 do.

Excluding income 1000 to 1250

Incidence - 1.3 annas.

C. Mysore population 55 lakhs. at 1 anna:

about $3\frac{1}{2}$ lakhs yield.

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat.	File No. 971 of 1916.

Serial No.	

Summary of results as per detailed estimate of yield of Incometax be levied in Mysore.

A. 1st proposal:- Income less than 1200 - per annum exempt- Thereafter uniform rate of 3 pies Estimate 2½ lakhs from all money excluding gold mines -- Number of assessees.- 4400

Amount paid by each about 60 as in Madras - including assessees with incomes 1000 - 1250

No.53000

B. 2nd proposal:- Exemption as before.

3 pies - From 1200 upto - 6000 -

6 pies thereafter

Number of assessees as before

Estimate 3½ lakhs from all ~~money~~ sources excluding gold mines.

Amount paid by each less than 100 - the Madras figure excluding assessees 1000 - 1250

No.33000

C. Incidence of taxation according to this proposal is about 1 anna and is less than 1.2 annas - the rate in Baroda and 1.3 annas in Madras.

D. Cost of collection is not material. It is 3 per cent of revenue in Madras and is included under Land Revenue in Baroda.

NOTE—Contn. sheet.

30.7.17

6.8.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2.

General and Revenue Secretariat. File No. 25 of 1917.

722 with two M.S. Books 7-8-17

Serial No.

Further Note on Income-tax.

In this note, I shall furnish further information and estimates required by the Dewan Saheb in his minute of 2nd May 1917.

Flag T Page 4

Flag T. Page 16(a)

After my note of 18th April 1917 was written, the Representative Assembly again discussed the question in its sitting of April 1917. When votes were taken 54 voted for and 92 against the tax. The number of votes in favour of the tax might have been larger if the fact that Agricultural income of all kinds would be totally exempt had been clearly pointed out and emphasised during the discussion.

Flag W. Page 5

(17) The law and rules relating to Income-tax in Baroda have also been studied. In Baroda income up to Rs.750 per annum is exempt, incomes between Rs.750 and Rs.1,000 are taxed Rs.10 and incomes above that at 1½ per cent. These rates work up to about 2 pies in the rupee in the case of incomes up to Rs.1,000 and slightly less than 3 pies in the case of incomes above Rs.1,000. The yield of tax in Baroda at the the present time is about Rs.1,50,000. Exact figures from 1911-12 to 1915-16 vary from Rs. 1,18,496 to 1,47,459.

Flag X & Y

Flag P

In October 1914, the Council desired that a bill might be drafted on the basis of a 3-pie tax.

Flag

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

incomes up to Rs.1,200 per annum being exempt.

I would now place before Government, three alternative schemes and estimates.

First Scheme.

(a) Income up to Rs.1,200 per annum to be exempt.

(b) All incomes of Rs.1,200 and above to be taxed at a uniform rate of 3 pies in the rupee.

(c) According to this system the yield will be:

From all ordinary sources.....2,50,000

" Gold Mines.. 1,60,000

Total Rs....4,10,000

Second Scheme.

(a) All incomes up to Rs.1,200 per annum to be exempt.

(b) Incomes from Rs.1,200 per annum up to Rs.6000 to be taxed at 3 pies in the rupee.

(c) Incomes of Rs.6,000 and above per annum to be taxed at ½-anna in the rupee.

According to this scheme the yield will be:

From all ordinary sources.....Rs.3,63,000

" Gold Mines.. .. ..Rs.3,20,000

Total Rs.6,83,000

Third Scheme.

(a) All incomes up to Rs.1,200 per annum to be exempt.

(b) Incomes from Rs.1,200 per annum up to Rs.6000 to be taxed at 3 pies in the rupee.

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | 47. File No. 57 of 1917.

Serial No.

(c) Incomes of Rs.6,000 and above per annum up to Rs.50,000 to be taxed at ½-anna in the rupee.

(d) All-incomes of Rs.50,000 per annum and above to be taxed at 1-anna in the rupee.

According to this scheme the yield will be:

From all ordinary sources..	..Rs.3,70,000
" Gold Mines..	..Rs.6,40,000
Total	Rs10,10,000

Flag W page

The note by the Assitant Secretary, Finance, giving details of the calculations is annexed. In the case of salaries and pensions paid by Government and Local Bodies, the figures are based on actual income; in the case of companies, on actual profits as far as ascertainable and for other companies on an assumed rate of profit (6%) on the paid-up capital; and in the case of other sources the figures have been deduced from those of Madras on the proportionate population basis.

250 There are reasons to believe that the Govt. of India will not raise any objection to our introducing income-tax and to include the income of the Gold Mines and the income of the employees in the Mines within its scope. The Gold Mines Companies pay income-tax in London; but the question of double taxation will not arise as Companies in British India are subject to Indian

NOTE—Contn. sheet.

Income-tax in similar cirucmstances. In Baroda also, in the case of companies doing business within the State limits, but having their head-quarters outside, the profits or incomes of such companies which they earn in the State territories are taxed.

(iii) The cost of collection will not be a material factor. In Madras Presidency the cost is about 3 percent. of the revenue. In Mysore, the collection can be easily made through the Revenue Agency, and the charges will not exceed 2 percent. In Baroda the work of collecting income-tax is done by the Revenue Officers.

The subject may now be considered at an early meeting of the Council; after the general lines are approved, a draft will be prepared in consultation with the Legislative Branch.

Dewan)

31.7.17

(iv) A brief recapitulation of the previous history of this proposal may kindly be prepared including the discussions in the Dasara Representative Assembly and then the question may be brought up at a meeting of Council.

8-8-17

MS Fmk

My notes of 18.4.17 and 31.7.17 contain

NOTE—Contn. sheet.

ND 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | 47. File No. 35 of 1917

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all the facts. A neat note may be compiled on the basis of these two and ~~perhaps~~ sent thro' me to send here for circulation. I have recently discussed the matter with Diwan Sahib. The note referred to above may be submitted with these papers.

9/8 1918.

Papers are taken up with Fr. 119.
3/10/17

To 2185
28-2-18

REPLY.

(To be written on this margin.)

CM

WD 3048—GPB—1,000—16-7-17

Office of the Dewan of Mysore.

NOTE.

Dated 27th February 1918.

1. *I shall be glad to know wh action has been taken on the reso tion of the Representative Assem in October last, regarding the desirability of levying an income tax in the State. We are approac ing the Second Session of the Assembly and the preparation of the budget for the next official year must already have made considerable progress. But we have not yet even considered what further action should be taken on the resolution of the Assembly.*

2. *Will the Financial Secreta and the Chief Secretary kindly take all necessary action at once and send up through the First Member of Council, a preliminary note with definite recommendation on the subject ?*

3. *I expected some intimation of what action had been taken on the resolution.*

4. *Return requested before 10th March 1918.*

27.2.18 AC

The Chief Secretary.

5. With Compliments
To the Secy. for stating what action has been taken in the matter since it is in hand.

6. I shall be glad to meet the Secy at any time to talk over the matter if necessary.

A

CM
1/3/18

IMMEDIATE.

A/57ii

7. I understand that a reference is about to be made by the Residency. Please let me see the file when it comes.

CM
1/3.

Do.

A draft to the Residency stating briefly the scope of the proposed measure and dealing with the

WD 1283—GPB—60,000—1-12-16—S.

G. R. S. III-2

General and Revenue Secretariat. | Ly-F File No. 5 of 1917-18

Serial No.

liability of the gold mines is before Council for some months past. If the draft is approved & issued and we know that the Govt of India will not raise any objection to the taxing of the mines then we can go ahead. It is not worth our while bothering about income-tax unless we are sure that the mines can be made to pay.

D for A & P.U.D

2. There are alternative drafts for the approval of the Council — one mine[x] and the other by Chief Secy after consulting Mr. [illegible] & the Govt Advocate. Either may be approved, the main point being to inform the Residency that the gold mines are intended to be taxed & to receive an assurance, explicit or implied, that the Govt of India have no objn.

JM 1/3/18

The fair draft is missing from the file. AS Fin will please have it & place it on the file. JM 1/3

The fair draft is in simple and kept in its proper place P.U.D. AS 2/3.

3. I think that action as at A in Diwan Saheb's note of 27.2.18 may be taken after a reply from the Residency on the main question is received. But if it is desired that the matter should be proceeded with immediately I shall take necessary action.

JM 4/3/18

Chief Secy

NOTE—Contn. sheet.

AS 2/3

C. 502

4.3.18

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2.

General and Revenue Secretariat.

F. F File No. 5 of 1917-18

Serial No.

11. The Hon'ble the Resident's enquiry regarding the liability of the Gold Mines in Mysore to the proposed tax is being dealt with separately. A draft reply has been put up and the file is under circulation to the Members of Council. The reply may be expected to issue shortly.

12 (a) As regards the main question, it is observed that in August last, the Dewan required a brief note to be put up recapitulating the discussions on the subject already on record. Such a note would be very useful and the Financial Secretary may kindly take steps to have it prepared withput delay. The discussions in the Representative Assembly at the last Dasara Session may also be referred to to bring the note up-to-date. (b) The draft bill on the file was prepared in 1912 and has to be revised in the light of the discussions that have taken place since then. This may be done as soon as the above note is ready.

13. We may wait for about a month after the issue of the letter referred to in paragraph 11, to see whether the Government of India will raise any objection to the proposal to include the Gold Mining Companies among the assessees and, if no communication is received from them, the Income-tax bill may be placed before the Legislative Council in the usual course.

NOTE—Contn. sheet.

1st member

CBS

4/3/18

WD 1283—GPB—60,000—1-12-16—S.

G. R. S. III-2.

General and Revenue Secretariat. | L. F File No. 5 of 1917-18

Serial No.

The subject may be brought up before the Council with the opinion of the Hon'ble Members of Council.

14.3.18

The point for decision now is whether we should wait till we receive an answer explicit or implied from the Residency to the effect that the Government of India will not raise any objection to the mines being taxed or whether we should introduce enactment at once assuming that the mines will be brought under its scope. If the latter course is decided upon a draft regulation will be prepared at once. In any case the D.O. of the Residency which is before the Council for some months past should in my respectful opinion issue without delay.

14/3

Hon'ble Members.

17/3

As I have already suggested to the Hon'ble Members of Council, it seems necessary to issue the draft enactment at once after approval of Council has been obtained. If the mines are not taxed by the Government, it will not be difficult to withdraw the same.

14/3

15/3

3185/14/3

NOTE—Contn. sheet.

To Chief Secy with reference to Secretary's note of 14.3.18

(3)

Subject.-Clause 1 of the Schedule.

Proposals for the levy of income-tax in the State.

I

DOMINION OF THE COUNCIL.

Considered in Council on 4.4.18.
"ordered that the case be brought up again in the first week of June next"

CBS
5/4/18

C/S.
note & return file to ~~Brit~~ Plesey

A | 8- maybe returned to C.S. on 30th may 18

CBS
5/4/18

Forwarded, with compliments, to the Financial Secretary to Government.

5/4/18

Sgd Jin Please note A

JM
8/4/18

B
9.4.18

13

Returned to the council section
JMM
30/5/18

B
30/8/18

N 29

Extract from the Proceedings of the 453rd *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 13th June *1918.*

---

8. Subject.-Clause i of the Schedule.

Proposals for the levy of Income Tax in the State.

OPINION OF THE COUNCIL.

The Council consider that the time has come to introduce the Income-tax.

The following schedule of rates may be adopted:-

No tax ...		Up to Rs.1,200 per annum.
Three pies per rupee	-	From Rs.1,201 to Rs.6,000 per annum.
Four and a half pies per rupee	-	From Rs.6,001 to Rs.25,000 per annum.
Six pies per rupee	-	Above Rs.25,000 per annum.

Action may be taken to draft a bill and place it before the Legislative Council.

Sd. M.Visvesvaraya,

Dewan of Mysore.

"EXTRACT"

C.S.Balasubramanya

Chief Secretary to Government.

C 5-32

WD A2089—GPB—500—1-5-18

G. R. S. III-2]

General and Revenue Secretariat. File No. of 191

3-9/30

*23. As soon as circulation is complete and the opinion of the Council is recorded the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government, Financial Department under Rule 23 of the Subsidiary Rules of Council Business.

By Order,

C. Balasundaram
Chief Secretary to Government.

DS Fin to D.F.N & D.S.N

14/9

Admn-Hdqrs

15

15/6

C 582 F. No 97/-16.

WD 1233—GPB—60,000—1-12-16—S.

D 34141-17

G. R. S. III-2]

General and Revenue Secretariat. | Sec. File No. 25 of 1917

Serial No.

D.F.N. & D.S.N. submd.

15/6/18. 18. member)

for 18

18/6/18

Office

seen

20/6

4639 20/6. Fair final note signed by Secretary & member

is forwarded

20/6/18.

M

21/6

6751 1-7-18 Dewan)

22/6

NOTE—Contn. sheet.

Final Note by the First Member of Council

Subject:—

Proposal for the levy of Income -tax in the State.

---

1. The question of levying an income-tax within the State has been under the consideration of Government for a long time.

2. The several stages of this question since it was first raised in the Birthday Session of the Economic Conference of 1912 have been very fully explained in the consolidated note prepared by the Financial Secretary on 8.3.1918.

3. With His Highness' sanction, the Hon'ble the British Resident was in reply to an enquiry, informed in March 1918 that the question of levying an income-tax in Mysore is under the active consideration of the Durbar, that in the event of the tax being levied, the Gold Mining Companies will be brought within its purview, and that a copy of the income-tax bill, drafted on the lines of the British enactment, will be forwarded for information in due course.

4. The subject has been fully discussed and the balance of the non-official as well as official opinion is in favour of the imposition of the tax.

5. The Council have in their meeting of the 13th June 1918 considered that time has come to introduce the income-tax in the State, and have resolved that action may be taken to draft

76

34

Submitted to His Highness.

I submit herewith a final note by the First Member of Council on the question of levying an Income tax in the State for His Highness' gracious approval.

M. Visvesvaraya
18th July 1918.

C.532

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Proposals for the levy of Income tax in the State.

no 9
2.7.18.

Order.

~~KRW~~
2/7/18

187
C.7.18.

Financial Secretary
Who will kindly take all further steps necessary
4.7.18.

4919
6/7

6/7

8.7.18

Mr Jain
Please put up draft Regln. in consultation with Secy III, which maybe required to furnish a note.
Draft before 20.7.18.

D 2, WD 1233—GPB—60,000—1-12-16—S. 3 3/e

G. R. S. III-2]

General and Revenue Secretariat. | 47 · File No. 5 of 1917-18

DIARY No. 4497. | Serial No.

To - Br III) for a preliminary draft regulation before 20.9.1918.

18/
9/7/18)

GEN. & REV. SECRETARIAT
I.I
JUDICIAL
9 JUL 1918

20/7 Br II to return the draft Bill put up by the Legis. section in Legis 50-12 (vide flag B.) The draft is not to be found in the file.

9/7/18 To council Sectn for putting up the bill if it is with them.

9.7.18. It is not in the Council Section nor in Branch II

9/7

To Branch III.

9-7-18

Submit with a draft to the Superintendent Govt Printing, Madras, for 12 copies of the

Submit with a draft Bill with

19/7/18 S. 32 has to be omitted or modified. Please see me with the Bill & the reasons in British India. Please bring also the Incumbrances manual.

NOTE—Contn. sheet.

ND 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2]

General and Revenue Secretariat. | G.7. File No. 5 of 1917.

Serial No.

Subd. with the draft Bill will see
32 slightly modified as per oral orders
of the file with the draft Bill is required to be returned
to Br II today.
5/7/18

(Financial Secretariat)

The old draft or drafts already prepared are likely
to be not traceable.

Draft of a bill prepared in Br III on the lines of the
latest act in Br India is put up.

In preparing the first draft in July 1912 Mr. Hiri-
yanniah raised 3 points for orders. Vide note of 18.7.12
(a) Whether in quasi-judicial proceedings provided for in the
British act. & paid and the time income may not be
minimised - by dividing the assessees,
deriving income from Professions or other sources
into broad classes for purposes of income tax -
(b) Whether the draft clearly fixes the liability
on Companies working in Mysore but whose profits are
realised and dividends paid outside Mysore eg.
the Maharajas Mills, Kolarfield Mining companies etc.
(c) Regarding the grant of appellate powers etc to
'Commissioners' under the act.

See the draft now prepared. Whether any provision
shd be made for a broad classification - with reference
to the collectors proceedings under Section 18 of the
draft is for orders.

At the present stage we need not attempt this. Apply
all taxing according to exact
assessed figure is best. Broad
classification will lead either to
loss of revenue or over-taxation.

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2

General and Revenue Secretariat.

G 7 File No. 5 of 1917.

Serial No.

I agree. Perhaps it may be made clear that the fact that a Company is assessed elsewhere will be no reason for its exemption in Mysore. But the depn in Sec 2 (7) seems sufficient.
MR
26/7

5) As regards the second point- the definition of the word 'Company' in Section 2- clause (7) seems to cover the cases in question - This will of course be carefully examined in due course -

6) As regards the 3rd point, the present draft- provides for 3 kinds of authorities viz:-

(i) collector -

(ii). Commissioner -

(iii). Chief Rev. authority -

Presumably the Inamdars will be assessed and collected by Land Rev officers as in Baroda.

The collector will be the Deputy Commissioner, the Commissioner will be the Rev Commr; & the chief Rev. authority shd be an officer higher than the Rev Commr. In any case the Rev Commr should not be empowered to draw up a statement of the case to be referred to the Ch- Court- without reference to Govt -

In this view the drafting of - 2. (4) seems to require revision -

7) In this connection reference is also invited to the minute dated 26-10-1914 by Mr. Nanjundayya - that a shorter and simpler measure than the Bd act- would be found possible -

For instance- a) Chapter III - providing for summary assessment might entirely be altogether - and the collector may be required to issue notice in every case of taxable income - Vide Section 17 - Clause (2) & (3) -

b) provision for the recovery of the tax like municipal

After all Chap III contains only one section & may remain.
MR
28/7

There Nos of assessees may be about 4400 - all told.

NOTE—Contn. sheet.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2.

General and Revenue Secretariat.

Q. 7 File No. 5 of 1917.

Serial No.

I think powers of recovery but the wide & varied & the rule must remain.
M 28/7

may not be may

taxes or local rate - Vide Section 36. clauses (1) & (3). (4)

8) Then again I am not sure how the tax on interest receivable by a resident in Mysore on any security of the Govt. of India can be deducted by the person responsible for paying it. - The interest might be drawn in Mysore treasuries or may in transmission outside Mysore and obtained third party or other wise in Mysore -

Can the Mysore by agency law authorised to deduct Mysore income tax in addition to the Br tax?

The Collector will require that this must be included in the man's total taxable income. If this is not done the will escape as many do.
M 28/7

Can the tax be recovered in the other case? Such income can only be claimed as income derived from other sources.

may stand as it is at this stage M 28/7

The drafting of Section 7 seems to require consideration -

9) Section. 33. clause (2) regarding the liability of non-residents seems also to require redrafting -

Simply change British India to Mysore & His Majesty to H. H. the Maharaja. This is simple.

10) These are some of the important points that struck me on going thro the draft -

A few verbal alterations have been made by me in red ink in the draft-bound by Br III

18
20.7.10

11) If so advised, I shall discuss personally with A/S. Br III - further, these bills the Baroda act of which we have an English translation made, and reserve a further note -

M 28/7

20/7
22/7

Vide margin - A revised draft

18
20/7

NOTE—Contn. sheet.

3641 WD

G. R. S. III-2]

General and Revenue Secretariat. | GJ File No. 5 of 1917. I

Serial No.

prepared in accordance therewith & with necessary
may be put up before 31.7.18

M
28/7

As desired Mr. Srinivasa Iyer and myself have discussed the matter.
His remarks are contained in the
x
memorandum of 30.7.18.
No further alterations in the draft need be made at this stage.
A clean copy of the bill with
Objects and reasons as prepared in
the Legislative section is put up
7 days A copy of the draft bill 18
has also been forwarded to the Resy as 30.7.18
soon as it is decided to place it before the Legl. Cl.

M
261/31.7

The draft bill as now prepared
is suitable as the basis of discussion
in the Legislative Council. It will
of course undergo minute scrutiny
in the various processes of legislative
procedure.
The following action is now
necessary
(a) Definite decision of Govt to
place the bill before the Legislative

NOTE—Contn. sheet.

WD A 1799—GPB—60,000—20-3-18—S.

G. R. S. III-2]

General and Revenue Secretariat. | 97 File No. 5 of 1917

Serial No.

Council –

(b) Forwarding a copy to the Residency as promised in letter dated 16.3.18 as soon as decision under (a) is arrived at — M
5.8.18

719/13-8-18
898/13-8-18

1st Member
Devan
M. C.
may be kindly circulated

13/8/18

13/8

Yes
13.8.18 do

Do chit dey with compliments.

C.S. Circulate.

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

(For Disposal at a Meeting) No. C. 532

.....191....

GENERAL AND REVENUE SECRETARIAT.

COUNCIL MATTER.

SUBJECT.

(Clause ii of the Schedule)

Draft Bill relating to levy of Income-tax in the State.

CIRCULATED TO THE MEMBERS OF COUNCIL.

By Order,

17th August .....191 8.

Chief *Secretary to Government.*

Extraordinary Member of Council.

First Member of Council. Seen.

Second Member of Council.

Extra Member of Council.

WD 2670—GPB—1,000—11-5-17

Extract from the Proceedings of the 461st *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 26th August *19*18

---

2. Subject.-Clause ii of the Schedule.

Draft Bill relating to levy of Income-tax.

OPINION OF THE COUNCIL.

The draft bill may be approved.

Sd. M. Visvesvaraya,

Dewan of Mysore.

"EXTRACT"

C S Balasundaram Ayyar

Chief Secretary to Government.

GRSM. 508

(2)

WD A2089—GPB—500—1-5-18

C.532

G. R. S. III-2]

General and Revenue Secretariat. File No. of 191 .

* 23. As soon as circulation is complete and the opinion of the Council is recorded the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

(Orig.)

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government Financial Department under * Rule 23 of the Subsidiary Rules of Council Business.

By Order,

C.S. Balasubramanya Iyer

Chief Secretary to Government.

27.8.18.

K/S Fin

1) Put up D.F. No. D.S.N.

2) Draft to Residency as indicated in my note of 5.8.18 to issue after H.H. approves of the Council Resln.

3) After H.H's approval of council Resln all action necessary for placing the bill before the Legs. Council may be taken in consultation with Leg. Council Sec.

27/8

1828/8

K/S.

G. R. S. III-2]

General and Revenue Secretariat. | G.P. File No. 5 of 1917-18

Serial No.

D.9.18 & D.S.N. Subd.

Wb 27/8/18 The draft letter has not been prepared - Pl. do so and put up clean draft & D.S.N. papers lying, duly flagged

18 29.8.18

Clean drafts togetha with Q draft to the Residency Subd.

No 5

Wb 29/8/18 Telegram)

18 29.8.18

542 30/8

Jos 4.9.18

1087 6/9

18 5/9

1st Member) Q.2.N. D.S.N. Subd

6/9

Fair Final Note signed by the 1st Member is putup.

1429 7.9.18

Dos 6/9 Dewan) with D.S.N.

18 7.9

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

Submitted to His Highness.

A

I submit herewith a Final Note by the First Member of Council on the subject of levying an Income-tax in the State for His Highness' gracious approval.

M. Visvesvaraya

7th Sep. 1918.

In connection file.

G. R. S. III-2]

General and Revenue Secretariat. | G7 File No. 5 — of 1917.

Serial No.

D. 7. A.

For favour of approval of the draft demi-official letter to the Hon'ble the Resident; as per instructions of the Hon'ble Member.

2041 / 5.10.18.

Dewan) 3.10.18

The draft DO. letter approved by the Dewan has been issued and placed on file (vide D. No. 6045 & 6.10.18).

Not found on the file.

9.10.18

Read 9.10.18)

The file was now placed before the Legislative Section for necessary further action; if approved.

Hony) 9.10.18)

Yes. M. 12/10/18

Read 9/10:

To Legislative Secty) 9.10.18.

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-8-18—S.

Urgent & Confidential

D.O. No. 7565 en:1

THE RESIDENCY,
BANGALORE.
4th November 1918

Dear Sir M. Visvesvaraya,

Kindly refer to your D.O. letter No. 6045, dated the 6th October 1918 with which you were good enough to forward a copy of your draft Income Tax Bill.

I referred the matter to the Government of India and enclose the purport of the Political Secretary's telegraphic reply.

Would you kindly let me know if the Durbar approve of the conference proposed and whether the date suggested is convenient. Meantime I trust you will see your way to giving effect to the Govt. of India's wishes as indicated at the close of their telegram. I trust I may be favoured with a very early reply to this communication.

Yours sincerely
H.Y. Cobb.

Sir M. Visvesvaraya, K.C.I.E.,
Dewan of Mysore.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Purport of the Political Secretary's telegram No 2253-C, received on the 30th. November 1918.

A cursory examination of the Mysore Income tax bill, forwarded with your letter under reply, suggests there are various points as to which both in the Durbar's own --- interests and in those of the Government of India, it may be necessary to advise the Durbar and to suggest amendments to the Bill as now drafted.

To give effect to these proposals it is suggested there should be a conference at Delhi, between representatives respectively of the Durbar and of the Government of India departments concerned. A convenient time to the Government of India for this conference would be the last week in November, if this suits the Durbar.

The Government of India would be glad meanwhile if the placing of the measure before the Legislative Council or the publishing in any other way of the provisions of the proposed bill are kindly deferred by the Durbar.

.....

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

2.

2

Shimla Council

No fresh data may be supplied to fix up an index & what the expenditure & supplies may be to enable us to Collect Information & Statistics for the year at Delhi

If Council & the Finance Dept. persist in pressing this matter further action will be taken as suggested

7.11.18

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Bangalore
9.11.18

Urgent & Confl 6091 [illegible] 3

Dear Mr. Cobb,

I am in receipt of your D.O. letter No.7565 dated the 4th November regarding a Conference at Delhi on the Mysore Income-tax Bill.

His Highness Government will be obliged if you will kindly obtain from the Government of India a statement of their objections and suggestions in order that the Durbar might be able to collect information and statistics for discussion at the Conference.

If convenient to the Government of India, the Conference might be held some time in January next as, owing to the Influenza epidemic throughout the State and the season conditions generally, ~~it is difficult to depute the~~ there would be some difficulty in deputing a Durbar's representative to Delhi ~~during the month of November~~ at such short notice. Further, His Highness the Maharaja has to be at Benares on the 2nd December to preside over the Convocation of the Hindu University.

His Highness Government will be grateful if you will represent these facts to the Government of India and communicate their reply. In the meanwhile, all further action regarding the Bill including its publication in any way will, as suggested by the Government of India, be held in abeyance.

Yours sincerely.

9.11.18 Dewan.

4

Bangalore
9 11. 18

D. O. No. 6092/E2

Urgent and Confidential.

My dear Sir

I submit herewith, for His Highness' information, copy of letter dated 4th November 1918 from the Hon'ble Mr. Cobb, regarding the holding of a Conference at Delhi to consider the provisions of the Mysore Income-tax Bill.

As no information is furnished as regards the nature of the Government of India's objections and as it is not also practicable to send a representative to Delhi during the current month, a reply was sent to the Hon'ble the Resident as per accompanying draft. The reply is in accordance with the opinion of the Council who were informally consulted on the 7th instant.

Yours sincerely,

Dewan.

9.11.18

R.H. Campbell Esqr., C.I.E.

D.O. No. 8677 Home

URGENT & CONFIDENTIAL

THE RESIDENT MYSORE

D. O. No. 25858

THE RESIDENCY,
BANGALORE.
18th December, 1918.

Dear Mr. Banerji

Please refer to Sir M. Visvesvaraya's Demi Official letter No. 6091, dated the 9th November 1918, regarding the Mysore Income Tax Bill.

The Government of India say that any date towards the end of January 1919, but after January 26th, will be suitable for the Conference. It would be convenient if early intimation could be given of the date on which the Durbar's representative expects to be at Delhi.

A statement of objections and suggestions on the proposed Bill is enclosed.

Yours sincerely

H. S. Banerji

A. R. Banerji, Esq., C.I.E.,
Offg. Dewan of Mysore.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

clause is deducted at the source under clause 15. It is therefore incorrect to place the exemption of the salaries of His Majesty's Indian Forces in this clause. Since it would be impossible for the Mysore Government to collect tax at the source here except with the specific consent of the Government of India. In Mysore, these salaries would not be assessed under the head "Salaries" unless the Government of India enter into an arrangement with the Durbar to collect the Mysore income-tax on the salaries of the members of His Majesty's forces, who might be liable to pay, and the conclusion of any such arrangement is improbable. The income derived from such salaries (should a case actually arise) would be assessable in Mysore under clause II and the exemption should be placed under that clause.

Clause 6 (2). This raises the question of double income-tax on salaries. At present the salaries paid by Government to British subjects and servants of His Majesty in any part of India are liable to Indian income-tax, and, under the Mysore Regulation, would also be liable to the Mysore income-tax. Similarly under the proposed Regulation the salaries paid by the Mysore Government to the servants of His Highness the Maharaja in any part of India would be liable to double income-tax. This is one of the questions for discussion at the proposed conference.

Whatever may be the decision at the conference, the words 'or by a local authority established by Government' seem unnecessary, because so far as is known, there are no local authorities established in India by the Government of Mysore.

Clause 7. The inclusion of the securities of the Government of India in this clause is meaningless, because income-tax on 'interest on securities' as defined by this clause is deducted at the source under clause 15, and the Government of India will not deduct Mysore Income-tax on its security at the time of payment of such interest. The income from such securities would be assessable under clause 11, and if it is intended that the Mysore tax should not be payable on

interest

interest receivable on a security of the Government of India declared to be income-tax free, this exemption should be inserted in clause 11.

Clause 10 (3). This is unnecessary, because ~~the~~ professional fees would be taxable under sub-clause 1.

Clause 16 (a). The limit of Rs.600 in this clause was fixed with reference to the minimum of taxable limit under the Indian Income-tax Act, namely, Rs.1000. The minimum taxable limit under the Mysore Regulation is Rs.1200, and therefore the question of raising the limit in this clause requires consideration. The same remark applies to clause 28 (1).

Clause 32. The Administrator General of Madras cannot be required to pay Mysore income-tax on behalf of the income of persons for whom he is appointed Receiver.

Clauses 33 and 34. The clauses raise the whole question of double income-tax on companies whose business is carried on partly in Mysore and partly in British India. This question will be discussed at the Conference.

Clause 36 (1). The words at the end 'to which the Collector is subordinate' are unnecessary if not meaningless.

Clause 50. In respect of clause 36 of the Regulation, this clause goes further than the Indian Income-tax Act (since only the powers of the Local Governments and not those of the Government of India can be so delegated), but perhaps this is the intention of the Durbar.

---:0:---

"C O P Y"

Confidential. Issued

D.O. No. 6247 & 18.12.18

Dear Major James,

I write to acknowledge the receipt of your D.O.letter No.8677 of this date regarding the Mysore Income Tax Bill. The conference at Delhi may, as proposed by the Govt. of India, be held towards the end of January after the 26th idem. The exact date on which the Durbar's representative expects to be at Delhi will be intimated later on.

His Highness' Govt. are much obliged to the Govt. of India for their courtesy in favouring them with a statement of objections and suggestions on the proposed bill.

Yours sincerely,

18.12

Dewan.

T 2505
18-12-18

REPLY.

(To be written on this margin.)

WD 3048—GPB—1,000—16-7-17

Immediate & Confidential.

Office of the Dewan of Mysore.

NOTE.

Dated.....18th December....1918..

D.O.letter No.8677 dated 18th December 1918, from the First Assistant to the Hon'ble the Resident, regarding the Conference at Delhi on the Income Tax Bill, and copy of my reply thereto.

****

Forwarded to the Chief Secretary for favour of immediate circulation to the Second Member of Council and the Financial Secretary.

The questions may be discussed at tomorrow's meeting of Council and the deputation to Delhi settled.

The Chief Secretary.

16.12

2nd member

18/12

19.12.18.

19/12

19/12

Confidential

C 148

MYSORE INCOME TAX BILL.

The statement of objections and suggestions received with the Residency letter of yesterday's date concerning the above Bill does not seem to refer specifically to the question of the liability to payment of tax of income realised from the Gold Mines in the State. But it is just possible that the question might be raised at the Conference. On a former occasion a question concerning the sale price of sandalwood oil was pointedly raised at Delhi though the object of the informal meeting was for the consideration of entirely different questions.

Mr.Datta's note in the file shows that our position so far as the liability of the Gold Mining Companies ~~are~~ is concerned is very strong. But it is conceivable that a new argument for the exemption of the companies might be put forward, viz., the stimulation of the production of gold for Imperial purposes in connection with Reconstruction.

Sd/- W Duncan

19/1/18.

WD A2089—GPB—500—1-5-18

C 487

W. 1697.

G. R. S. III-2]

General and Revenue Secretariat.

File No. of 191

* 23. As soon as circulation is complete and the opinion of the Council is recorded the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government Financial Department under * Rule 23 of the Subsidiary Rules of Council Business.

By Order,

C S Balasundaram
Chief Secretary to Government.

ups for D.F.N. & D.S.N. Encl

24/12

D.F.N. & D.S.N. Subd.

27/12

2nd Member vide D.F.N.

27.12.18

D.F.N.

approved.

Mr. C. S. Sivaswamy Iyer has since been appointed an Ag Judge of the Chief Court but I do not think this need make any difference in the arrangement already considered.

Fair copy of the Final note Signed by the member in pencil

25.12.18

G. R. S. III-2]

General and Revenue Secretariat.	47 File No. 5 of 1917.
Serial No.	

3543
30-12-18

Comm) Cir to D.S.N

28.12.18

G. R. S. IV—6]

Submitted to His Highness.

I submit herewith a Final Note by the Second *Member of Council on the ~~subject of~~* question of deputing an officer to Delhi to attend the Conference on the Income Tax Bill, *for His Highness' gracious approval.*

Dewan.

27.12.18

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Committee for the study of all the points connected with the Income Tax Bill and deputation of certain officers to Delhi to attend the Conference to be held there.

769

Order.

~~KRW~~

4/1/19

Chief Secy

Very urgent. Please take immediate action

Authority maybe D

Letter today 6-1

To Fin Secy with Compliments for immediate action

6/1/19

2826-149
8-1-19 Secy

Peel
9.1.19

U/s Fin

Immediate, before 4. p.m. today.

6/1/19

6/1/19 Fin Secy

6/1/19

Income-Tax

G. R. S. III-2.

General and Revenue Secretariat.	File No.	of 191 .

Serial No.

A draft order constituting a Committee, and a draft letter to the F. A. Resident are submitted. The exact date of the conference is to be fixed

3.1.19.

6.1.19.

3647
6.1.19.

Dewan)

6.1.19

6.1.19.

6.1

9/1/19

F. D. 3218-9 & 6/7th Jan. 1919— Directs that a committee be formed to examine all the questions connected with Income-tax, and states that the Delhi deputation may consist of the H. Secy and either Mr. Chandrasekhara Iyer or Mr. Doraiswamy Iyer

D. O. 6268 & 6-1-19— To the F. A. Resident— Intimates that the H. Secy and

NOTE—Contn. sheet.

Serial No.

and the office will proceed to Delhi and that the conference may take place on any day after the 28th Jan: 19

D.O. 2538 16-1-19 from the H. Secy. to the Dewan — states that owing to his illness he is unable to proceed to Delhi and suggests that Mr. Shamanna may be deputed.

Dewan's order on the paper :—

"May be ordered accordingly First Member agrees.

(Sd) A.R.B. 16/1.

To. H. Secy. with compliments with Dewan's orders.

(Sd) C.S.B 16/1

Hs. Fin:—

(1) Let Mr. Shamanna see this at once. Formal orders may issue later. J.S.C 16/1

Seen. S.S. 16/1

NOTE—Contn. sheet.

WD A 1769—CPB—60,000—20-8-18—S.

D. O. No. 6268 8/1.19.

CONFIDENTIAL.

(Draft.)

Dear Major James,

In continuation of my letter 6247 dated 18th December 1918, I write to state that Mr.J.B. Chakravarti, Financial Secretary, to Government -- and another officer will proceed to Delhi during the last week of the current month to discuss -- with the representatives of the Government of India the various points in connection with the Mysore Income-tax bill which requires consideration.

The Conference may take place on any date convenient to the officers of the Government of India after the 28th instant.

Yours sincerely,

Dewan

6.1.19

Major E.H.S.James.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

D.O.no.253

Jnanamaya,
Bangalore,
16th January 1919.

My dear Balasundaram Iyer,

Owing to a slight pain in my left foot, I cannot move very freely. I shall therefore, not be able to attend the Council meeting to-day. Kindly inform the Dewan Saheb if necessary. There are no important financial subjects for discussion at to-day's meeting.

If the pain in my foot does not disappear, it will be difficult for me to proceed to Delhi for discussing the incometax question with the representatives of the Government of India. I have got the papers printed and have furnished copies to Messrs.K.S. Chandrasekhara Iyer and C.S.Dorasami Iyer and have also arranged for a meeting of the committee appointed by Government, but I think it better to associate another financial officer with the work of the committee, so that if I am unable to proceed to Delhi, the other financial officer may go. In this view, I would suggest

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

W.D. 84—GPB—60,000—20-7-16

Fair Dft)

D. O. NO. F1.3333

GENERAL AND REVENUE SECRETARIAT.
XXXXXXXXXXXXXXXXX

Bangalore, Dated 191
20th January 9

Dear Major James,

In continuation of Dewan Saheb's D.O.No.8238 dated 6th January 1919, I beg to inform you that the representatives of -- the Mysore Government will leave Bangalore about the 23rd Instant, and will be at Delhi by the 27th. The Government of India may be kindly informed of this by telegram.

As I am not feeling quite well, it has been arranged -- that the representatives of the Durbar will be Mr.C.S.Doraswamy Iyer, Judge, Chief Court and Mr.S.Shamanna, Offg.Deputy Comptroller.

Yours sincerely,

M.
20/1/19

Major E.H.S. James
First Assistant to the Hon'ble
the Resident in Mysore,

BANGALORE.

Mr. Chandrasekhara Iyer has suggested that the attached demi-official letter may be addressed to Sir Leslie Miller. If approved by the Dewan Saheb, it will issue.

18/1/19

Dewan

P.S. There was a long meeting of the Income-tax Committee today at which Messrs Chandrasekhara Iyer, Doraisami Iyer, Lakshmamma & myself were present. The statement of objections & suggestions of the Fiscal Commissioner was fully gone through & the views of the Committee recorded on each point. There will be another meeting on Tuesday next at which some other important points which may arise in the course of discussion will be considered.

18.1.19

I have sent the letter to Sir L. Miller. The date of departure of the Deputation may be definitely fixed & reported to me. The Resident should also be informed immediately.

19.1

We C/S did not attend.

I don't think Lakshmamma can very well take up these matters. I should like the H.E. to see if possible & I request that he may kindly make arrangements to go.

Kindly see D.O. the Resident's letter issued.

19.1.19.

4027 Dewan)
20.1.19.

Issued by the Dewan Office

Bangalore,

18th January 1919.

Dear Sir,

The Government have arranged for a small deputation of Mysore Officers(~~the~~ a Financial ~~Secre-~~ officer ~~tary~~ and either Mr. K.S.Chandrasekhara Iyer or - Justice Doraswami Iyer) proceeding to Delhi during the last week of this month in order to discuss - with representatives of the Government of India -- certain important questions relating to the levy of income-tax in Mysore. Mr. C.S.Doraswamy Iyer had dealt with these questions while he was Government Advocate, and as he is in touch with the whole subject it will be an advantage if he can form one of the deputation. It is believed that his absence need not exceed two weeks in all, including t h e journey to Delhi to and fro, and ~~I have~~ it has also been ascertained from him that he is willing to go.

In

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.

[To record.]

28th Jan. 1901.

Dear Barry,

I can't of course give any opinion on the depositions of Drummond Esq. J.P. Delhi until I know what the influenza both of any illness, we are getting a little behind hand perhaps: and then are some cases from the Bangalore Dr. Constantine Plimmer I. can't hear having right thumb badly: so I hope the depositions will not be by any length of time —

yours sincerely
Richard Thiller

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Dear Mr Bros Thekaunth,
Please wanted an
order on the following lines
borne from Flsecth.
"In continuation of
— Mr. S. Shanmam
is appointed as an
addl member of —
Income Tax Committee
Either the Asstt or
he will be the first
three ~~four~~ ~~last of the~~
four and after deputation
to finish his duties
yours sincerely
S. Shanmam
18.1.19

Supt
for the file
& return
18/1/19.

N.N.S

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Dpt. finished. The file is with the H. Secy.
18/1/19

W.D. 84—GPB—60,000—20-7-16

Asst
1871.
H Secy.
approved by H. Secy

G. R. S. III-2)

General and Revenue Secretariat.	File No.	of 191 .

Serial No.	
	H. 3329-31 Q. 1-1-19— appoint Mr. Shamanna as a member of the Income tax Committee:
	xx
	Sd/- As both Mr Shamanna as well as the H— Secy have gone to Delhi, draft intimating the same to the Comptr & Sd/-. The original intimation is with any of them who 5/2 go. Issue
	5-2-19.

H 3333 8, 20-1-19—
To the A. Resident—
Intimate that Messrs
Shamanna & Doss afsm
will proceed to
Delhi

Copy of a telegram dated 22nd January 1919 issued by the Financial Secretary to Government, Bangalore, to the Dewan of Mysore, (Camp) Hassan.

WILL GO DELHI MYSELF AS DESIRED LEAVING TOMORROW SHAMANNA MAY ACCOMPANY IF APPROVED FIRST MEMBER AGREES KINDLY WIRE APPROVAL -- CHAKRAVARTI.

Very urgent

WD 243—GPE—2,000—2-8-18

REPLY.

(*To be written on this margin.*)

Office of the Dewan of Mysore.

Camp Hassan, NOTE.

Dated....22nd...January.....*1919*:

Telegram dated the 22nd January 1919, from the Financial Secretary in regard to taking Mr. S. Shamanna to Delhi.

...

The Dewan has no objection to Mr. Shamanna accompanying the Financial Secretary to Delhi, as suggested.

By order,

Private Secretary.

IID 23.1.19.

1st member

23.1.19

[Mr. Shamanna also to note

23/1

Leave 23.1.19

23.1.19.

23.1.19

Dept Do. to F.A.R

The attached Do will come if approved.

23.1.19

(1st Member)

23.1.19

F/ 3495 & 23-1-19 —

To F. A. Resident —

Intimates that he would proceed Delhi himself, and requests to intimate with whom he should communicate there.

G. R. S. III-2j

General and Revenue Secretariat.	File No. of 191 .
Serial No.	

Proceedings of the Income-tax Committee

Two copies of the proceedings are submitted. After final approval by 1st Member one copy may be kindly sent on to Dewan Saheb.

2) These views recorded, these proceedings represent the lines on which the discussion will be carried on by the deputation at Delhi.

23.1.19

P.S. Ofcourse the deputation will make clear that their function is to explain & elucidate points raised by the Govt of India representatives & that they have no power to bind the Mysore Durbar to any particular view or decision.

Approved as revised by me.
A/c copy may be sent to the Dewan
23.1.19

Dewan)
with a clean copy
noted. clean 23/1/19.
c/y may be indented
10/11 y 15/1 ups for

3.1.19.

NOTE—Contn. sheet.

Copy sent for Accounts Office

Private
25.1.19

D. O. No 6291.

Camp. Chicmagr
25.1.19

Dear Sir

I ~~Send~~ herewith for favour of Subn to H. H. a note on the points raised by the G of I on the Draft Income Tax Bill, prepared for the Guidance of our Officers at the ensuing Conference at Delhi.

Yours Sincerely

H

R. H Campbell Esq C. I. E

Summary of proceedings of meetings held by the Committee formed by G. O. No. Ft 218-9 dated 6-1-1919 to consider questions relating to the levy of Income-Tax in Mysore, on 18th January 1919 (from 2-30 P. M. to 5-30. P. M.), 21st January (from 3 to 6-30) and 22nd January (from 5 to 6 P. M.)

The statement of objections and suggestions sent by the Government of India (Paper L 1 in printed collection) was considered and the following views arrived at ~~recorded~~ on the several items contained therein.

Item No. 1. Clause 2(7). The word 'Company' as defined in the Mysore Company Regulation means a Company formed and registered under that regulation or any Company existing on the day the regulation came into force. The expression 'foreign association' in the Mysore Bill is not intended to have quite the same meaning as in the British Indian Act. In the Mysore Bill it means an association not belonging to Mysore. Verbal alterations necessary to make the meaning clear will be made in the bill

2. Clause 3(i). This clause is worded in the same way as the corresponding section in the British ~~I~~ Indian Act. When the question of double income-tax is decided any alterations necessary in this or other clauses of the bill may be considered.

3. Clause 3(2) (iv) The reference to Provident Insurance Societies was omitted as there is no Providen Insurance Societies Regulation in Mysore. The question of providing for the exemption of the interest on securities held by such societies may be considered when a regulation of the kind is introduced.

4. Clause 4. It is not our intention to take into

into account agricultural income for fixing the rate of tax to be levied. And in order to clear all doubts, we may add in Clause 4 of our bill the following words 'nor shall it be taken into consideration in calculating the amount of income according to which the rate of tax is to be fixed'; and amend schedule I by substituting 'such income' for 'total income' wherever it occurs.

5. Clause 6(1) (i). We may omit the reference to His Majesty's Forces in this Clause and enter the exemption in respect of their salaries under Clause 11 as suggested.

6. Clause 6(2). The points to be discussed at the Conference with regard to Salaries are apparently, (i) whether it is desirable on principle that any relief from liability to double income-tax should be provided, and if so (ii) on what basis.

As regards (i) our attitude may follow that taken by the representatives of the Government of India; that is to say, if they consider that relief should be given, we shall have no objection to following their example.

As regards (ii) the alternatives that suggest themselves are, to levy the tax only on the basis of (a) the 'source' of payment or (b) the place of receipt. Something may be said in favour of either alternative. We may tentatively accept either of the alternatives which may be preferred by the Government of India on the basis of reciprocity.

The words 'or by a local authority established by ~~xxxxxxxxx~~ Government' qualify the word 'paid' and are intended to cover payments of salaries by local authorities established in Mysore to employees abroad. Hence they have no relevance.

7. Clause 7. The objection appears to be valid. The

The reference to Government of India Securities will be omitted in Clause 7 and the proviso exempting Government of India Promissory Notes which are declared to be free of income-tax will be brought under Clause 11.

8. Clause 10(3) There is an error in drafting here. The word 'Mysore' where it occurs first should have been 'India'. This alteration will be made. The object of this Clause is to assess income derived outside of the Mysore State by a person ordinarily resident in Mysore.

9. Clause 16(a). This is a small point. The limit of Rs. 600 may perhaps be changed to Rs. 720, the figure arrived at proportionately for a minimum of Rs. 1,200.

10. Clause 32. By Regulation IV of 1910 the Administrator-General of Madras has been empowered to administer the estates of deceased British subjects in Mysore, and it is with reference to the income from such estates that are liable to taxation that it is proposed to levy it from the Administrator-General, Madras. Hence the reference to that provision in the Bill seems necessary.

11. Clause 36(1) The words 'to which the Collector is subordinate' may be omitted.

12. Clause 50. The clause is thus worded as our Government occupies in Mysore the position of both the Supreme and the Local Governments in British India. Most of the powers referred to in Section 36 of the India Act are powers of Local Governments, and the only power pertaining to the Government of India is the power to direct how sums deducted shall be paid. In the Mysore Bill there is no necessity to make any distinction between the two classes of powers. Even though provision is made to delegate all such powers, the power of delegation need not necessarily be exercised in all cases. -

13. Clauses 33 & 34. These have been drafted on the same lines as the Government of India Act. Whether in their observations on these clauses the Government of India are referring to the Mysore Gold Mines is not clear. Some of the arguments which may be advanced in support of the taxation of the Mines are as follows:--

(1) In respect of the Mines the Government is in the position of a landlord, and the royalty it gets is only rent due to a landlord and not tax due to a Government The form of lease is virtually the same as that employed in connection with leases by private parties.

(2) There was no income-tax at the time of the lease to the Mines and so Income-Tax was not taken into account in fixing the rate of royalty.

(3) Royalty ~~paid is not~~ a tax--a compulsory levy ~~but~~ rent fixed by agreement.

(4) The Mines ~~are~~ not declared to be exempt from taxation in their leases.

(5) The Government of India does not exempt income from mines within its jurisdiction from income-tax, merely because royalty is also levied.

(6) Even if the Mines do not make a profit we levy royalty, which is based on the quantity of gold extracted. This is an additional reason why 'royalty' is not of the nature of a tax.

(7) That part of the royalty which consists of a percentage was meant to ease the burden on Mines yielding slender returns which could not bear the same rates as the more paying ones. It may be regarded as analogous to the variable rates of land revenue on different kinds of soil.

(8) There is a note by Sir. M. Visvesvarayya of his interview with Mr. Wood, showing that the latter said the Durbar might take any action they liked in ~~dx~~ the matter of the levy of the tax from the Mines.

As regards the question of the double taxation of companies generally, it may be pointed out that our bill is worded in the same way as the Government of India Act If any specific proposals are put forward by the Government of India representatives, they may be discussed; ~~if~~ the following principles ~~are first agreed upon.~~ --

(1) That the Government of India will accord reciprocal treatment.

(2) ~~That~~ Income-Tax is to be paid to the Government within whose jurisdiction the operations of ~~a concern~~ are carried on and ~~the~~ profits earned.

In cases where the business is carried on and the profit earned partly in British India and partly in Mysore the tax may by ~~a~~ mutual agreement be arranged to be divided between the two Governments in the proportion of the profit which may be regarded as earned within the jurisdiction of each. Some simple method of calculation may be adopted to give an equitable result. There can be little difficulty in the matter, since the Government of India is already dealing with the case of companies having branches etc., in Native States, and are ~~now~~ presumably able to determine the profits earned by such companies in British India and in Native States separately.

G. R. S. III-2]

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Serial No.	
	D.O 6291 S.25-1-19 from the Dewan to the P.S. to H.H :— forwards a copy of the proceedings for submission to H.H

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

4604.

17-2-19.

REPLY.

To be written on this margin.)

WD 243– GPB—2,000—2-8-18

Urgent.

Office of the Dewan of Mysore.

~~Letter~~ NOTE.

Dated 16th February.....1919.

The report on the Income-tax deputation is overdue. I shall be glad if the Financial Secretary ~~wx~~ will kindly expedite it.

LG

16.2.19

To,

The Financial Secretary to Government.

Submitted Today. (vide papers below)

M

18.2.19.

To 1st Member for favour of perusal & return so that a D.O. letter may be prepared

M

19

Returned with thanks

I have kept this copy for reference

12/2/19

M/S for D.O. letter

Y. Nel'b member with Comptr. may be consulted. Council A/c may be thus brought forth ing in the meantime

LG

19.

M/S XCP 20/2/19

Serial No.

DEPUTATION TO DELHI IN CONNECTION WITH THE INCOME TAX.

The Deputation report is submitted.

2 The next step would be for Government to formally approve of all the conclusions recorded in the memorandum attached to the report. Mr. Denning's suggestions as recorded in para 4 of the report may also be accepted. The minimum may be raised to Rs.1,800 or Rs.2,400 and to make up for the loss of income the rate of tax for incomes exceeding Rs.50,000 may be fixed at one anna. (The figure 50,000 may be changed to 60,000 or 75,000 and one anna may be changed to nine pies if Government should prefer.)

3 After Government have decided these points the Committee appointed in Government Order No.Fl.3918-19 dated 6-7th January 1919 may be asked to incorporate the changes in the draft bill. The revised draft may then be sent to the Government of India and after their consent may be introduced in the Legislative Council.

Denning

18.2.19

NOTE—Contn. sheet.

WD A 1799—GPB—60,000—20-3-18—S.

A BRIEF REPORT OF THE DEPUTATION TO DELHI IN CONNECTION WITH THE MYSORE INCOME-TAX BILL

We left Bangalore for Delhi on the evening of the 23rd January 1919. As we travelled together and Mr.Shamanna also travelled with us with all the records connected with the case, we had ample opportunity of discussing over again all the important aspects of the question under consideration during the four days of our journey from Bangalore to Delhi. We reached Delhi on the evening of the 26th January after a practically continuous journey of about 72 hours.

2. On the 27th January we reported our arrival to the Hon'ble Sir John Wood, K.C.I.E., C.S.I., I.C.S., Political Secretary to the Government of India, and made enquiries about the time and place of the proposed Conference. The Hon'ble Sir John Wood being indisposed, our letter which was delivered at his residence, was passed on to Major G.D.Ogilvie, Deputy Secretary in the Political Department. Major Ogilvie sent us a very courteous reply on the 28th stating that the Hon'ble Sir John Wood was indisposed and informing us that if we would call at the Imperial Secretariat Buildings at 11.30 A.M., the next day, i.e., the 29th January, he would take us to the Conference Room.

3. We accordingly went to the Imperial Secretariat Buildings at the appointed hour on the 29th instant and were met by Major Ogilvie. He took us to the

Hon'ble

Hon'ble Mr.H.F.Howard, C.I.E., I.C.S., Financial Secretary to the Government of India and we then proceeded to the Conference Room where Mr.H.Denning. I.C.S. - Under Secretary in the Finance Department was awaiting our arrival. The Hon'ble Mr.H.F.Howard opened the conference with a few remarks narrating briefly the points for discussion and laying particular emphasis on the necessity for arriving at some settlement on the question of double taxation. He then said that he was extremely busy with the Government of India budget work and would have to leave the Conference for attending to that work. He added that if there were any points which either - Mr.Denning or we wished to refer to him later on he would come again and discuss those points. Before leaving he said that Mr.Denning was the expert on whom the Government of India relied as regards income tax questions and that it was he who had studied the Mysore Income Tax Bill and drawn up the statement of suggestions and objections which had been forwarded to the Durbar. Shortly afterwards Major Ogilvie also withdrew saying that if any political points cropped up during the discussion and his help was necessary, he would come and discuss those points

4. A detailed discussion then began in which Mr.Denning and we took part. Before the statement of suggestions and objections was taken up Mr.Denning made a few suggestions, viz:-

(i) Whether clause I (2) of the Mysore Bill requires amplification on the lines of the British Indian Act so as to make the Regulation expressly applicable to Mysore subjects and Government Servants

residing

residing in British India.

(ii) Whether the process of summary assessment as described in clause 30 of the Mysore Bill is satisfactory and whether the extension of the summary process to income up to six thousand rupees would work well. Mr. Denning was in favour of raising the taxable minimum and doing away with the summary process altogether.

(iii) Mr. Denning doubted whether clause 19 of the Mysore Bill was necessary. He explained that the corresponding clause of the British Indian Act was reluctantly inserted by the Government of India on the representation of some of the non-official members of the Legislative Council. It involves a great deal of duplication of work and the adjustment is really not necessary. In his opinion this process might well be dispensed with in Mysore.

5. The statement of objections and suggestions was next taken up and every point contained in it was freely and fully discussed. On all matters other than those relating to what may be called "Double Taxation" all the explanations offered by us on the lines settled at our Committee Meetings in Bangalore were accepted, and at our suggestion a general clause was inserted in the memorandum referred to hereinafter to the effect that in respect of all these matters it was the Durbar that was really concerned and that the decision rested entirely with them.

6. The question relating to double taxation was then taken

taken up. The most important points which were discussed and settled at the Conference are embodied in the accompanying memorandum which has been signed by Mr.Denning, the Government of India representative and by us. It will be seen that all the conclusions are noted in the statement as provisional, we having made it clear in the beginning that we had come only for discussion and that we had no authority to commit the Durbar finally in any matter. That was also exactly the position of Mr.H.Denning as he himself explained. We may add that Mr.Denning expressly stated that section 33(2) of the Indian Income-tax Act 1918 was intended to apply only to firms foreign to the British Empire and that firms in Mysore were not intended to be dealt with as foreign firms. It was suggested to us that we might similarly restrict the scope of clau 33(2) of our bill so as to exclude from its operation firms in the British Empire.

Our attention was next drawn to the Notification of the Government of India No.774 F. dated the 28th March 1918 Financial Department, exempting from liability to tax the official allowances of duly accredi agents of Native States residing in British India and of the salaries of foreign officers sent for trainin to British India, and it was represented to us that reciprocity in this respect was desirable. We provisionally agreed and said that our Government would in due course take the necessary action.

7. There is one point which requires special ment After dealing with "Businesses" in connection with question of double taxation it was casually put to u

by Mr.Denning as to how we would stand in regard to the Mining Companies on the Kolar Gold Fields, though that topic was admitted by him to be one that was not before the Conference. We replied that the Companies would be liable to be taxed and pointed out that Companies in British India similarly situated would be liable to Income Tax according to the Scheme of the British Indian Enactment. Mr. Denning quite agreed that the Mysore Government had every right to tax the Gold Mines in accordance with any general scheme of Income tax which they might put in operation within the State, and he added that if the Kolar Gold Mines raised any difficulty in the matter through the Secretary of State, as indeed they were likely to do, then the Government of India would certainly back up the Mysore Durbar. We may add that this assurance was again repeated before Major Ogilvie after his return and he did not dissent. Though there was no occasion to include this remark in the memorandum drawn up, it being a point not open to doubt or difference of opinion, the point is important from our point of view and is therefore recorded here.

8. After the memorandum had been drawn up and was being scrutinised and finally revised, Major Ogilvie joined us again and was pleased to observe that all the points had been satisfactorily discussed and settled. Signed copies of the memorandum were then exchanged between us and the Government of India representative at our suggestion.

9. We expressed thanks to Mr.Denning for having so carefully studied the Bill and given us the benefit

of

of his great knowledge and experience in income-tax matters. Mr.Denning incidentally enquired as to whether there was any officer in Mysore with experience of the working of the Income Tax Act and Rules and we said that perhaps the Durbar anticipated no difficulty in the matter as the Income Tax Manuals of the different provinces of British India gave all the information that was wanted for administering the Act. Mr.Denning thanked us in return for having come all the way to discuss the question and said that the points settled at the Conference in so short a time would have taken many months to settle by correspondence. The Conference then terminated at 4.30 P.M.

Bangalore
The 17th Feby 1919

J S Chakravarti

K Srinivasamurthy

Memorandum of discussion at a Conference held on January 29th, 1919, between representatives of the Government of India and the Mysore Durbar regarding the Mysore Income-tax Regulation.

The main question discussed at the conference was the question of double income-tax in its various aspects.

I. Securities. The representatives of the Durbar provisionally agree that interest on securities of the Government of India received in Mysore should be exempt from Mysore tax provided that a similar exemption is given to the interest on Mysore securities received in British India. They contemplate inserting a definite provision in the regulation providing for such exemption, or, if this be not possible, to notify the exemption under clause 44 of the regulation. The representatives of the Durbar can, at present, see no reason why a provision should not be made in the regulation itself.

II. Salaries. The general question of salaries was discussed, and it was pointed out that the Government of India have provided by executive order that their servants who are liable to tax in an Indian State may deduct the amount of the tax paid to the Indian State from the tax which they are liable to pay to the Government of India. The representatives of the Mysore Durbar think that a similar concession will be given to the servants of the Mysore State. Following the practice of Government of India regarding accredited representatives of Indian States, they are willing to exempt the official allowance which duly accredited representatives of the Government of India receive [illegible]

G. R. S. 12]

General and Revenue Secretariat. | File No. | of 191

Serial No.

8,201

D. I. N. Index.

Secy

21/2

21.2.19

1844
21/2

Please have a clean copy made & submit to Dewan Sahib thro' 1st Member

21/2

1694
21.2.19

1st Member.

Dewan

Maybe agreed. I have made a pencil note against the passage in para III of the Memorandum which Mr Denning wishes to alter.

22/2

Dewan

NOTE—Contn. sheet.

G P B—60,000—7-11-13

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Report of the Deputation to Delhi in connection with the Mysore Income Tax Bill.

Order.

K.Hero
25.2.19.

Hscey
Y
26.2

To Ch. Secy with compliments. My Dewan has desired that this main file shd be brought up at tomorrow's Council meeting for consideration of the deputation report.

JBS
26.2.19

C.

Confidential.

D.O.letter No.1398, dated, Bangalore, 19th February 1919, from the Hon'ble the Resident in Mysore, to the Offg. Dewan of Mysore.

Please refer to the correspondence ending with Major James' demi-official letter No.657, dated the 24th January 1919, to Mr. Chakravarti, regarding the Mysore Income Tax Bill.

I enclose a copy of a Memorandum drawn up by the delegates of the Durbar and the Government of India on the subject, together with a copy of the statement of "Objections and Suggestions" referred to in para 4 thereof, and of a demi-official letter from Mr. Denning, Under Secretary to the Government of India, Finance Department, delegate at the Conference in which he brings to notice an error in the Memorandum.

As the Mysore Durbar delegates appear to have taken away one copy of the Memorandum I would request that, if there be no objection, that copy may be corrected accordingly; I would further request that I may kindly be informed whether the Durbar desire to make any observations on the Memorandum.

.....

"C o p y"

Memorandum of discussion at a Conference held on January 30th, 1919, between representatives of the Government of India and the Mysore Durbar regarding the Mysore Income-tax Regulation.

The main question discussed at the conference was the question of double income-tax in its various aspects.

I. Securities. The representatives of the Durbar provisionally agree that interest on securities of the Government of India received in Mysore should be exempt from Mysore tax provided that a similar exemption is given to the interest on Mysore securities received in British India. They contemplate inserting a definite provision in the regulation providing for such exemption or, if this be not possible, to notify the exemption under clause 44 of the regulation. The representatives of the Durbar can, at present, see no reason why a provision should not be made in the regulation itself.

II. Salaries. The general question of salaries was discussed, and it was pointed out that the Government of India have provided by executive order that their servants who are liable to tax in an Indian State may deduct the amount of the tax paid to the Indian State from the tax which they are liable to pay to the

Government

Government of India. The representatives of the Mysore Durbar think that a similar concession will be given to the servants of the Mysore State. Following the practice of Government of India regarding accredited representatives of Indian States, they are willing to exempt the official allowance which any accredited representatives of the Government of India receive in Mysore, if any such cases arise.

III. Businesses. This question was discussed at some length and it was provisionally decided that the following arrangement would be the most satisfactory. Businesses whose head-quarters are in British India but have branches in Mysore or carry on business in Mysore should be allowed a deduction from the ~~profits to which they are assessed~~ to Indian income-tax of the amount ~~which appears~~ to the British assessing officer to be due to transactions in Mysore. Similarly businesses whose head-quarters are in Mysore and which have branches or dealings in British India should be allowed by the Mysore assessing authority a deduction from their assessable profits of an amount which appears to the assessing officer to be due to transactions in British India. It was pointed out that there may sometimes be

a question as to which shall be considered to be the head-quarters of a business, but it was decided that each individual case which may arise will have to be settled on its merits.

In this connection the representatives of the Durbar agree that clause 33(2) of the regulation should be amended so as to be applicable only to firms foreign to the British Empire.

IV. Other points raised in the statement of objection and suggestions were discussed and it was decided that they are matters with which the Durbar alone is really concerned and is free to deal as it considers fit.

Sd/- H. Denning.

Sd/- J.C. Chakravarti.

Sd/- C. Doraswamy Ayyar.

No.289-F.

Finance Department;

Delhi, the 30th January 1919.

My dear Ogilvie,

I find that I have made one mistake in drawing up the Memorandum of the discussion at the Conference yesterday. In paragraph 3 the second sentence should read "businesses whose head-quarters are in British India but have branches in Mysore or carry on business in Mysore should be allowed a deduction from the Indian income-tax payable by them of the amount of Mysore tax that would be payable on the profits which appear to the British assessing officer to be due to transactions in Mysore". The point is a comparatively small one, and does not really affect the amount of tax which will be obtained by the Mysore State, but I should be glad if you would note it when forwarding the Memorandum to the Resident.

Yours sincerely,

Sd/- H. Denning.

To

Major G.D. Ogilvie,

Deputy Secretary to the Government of India,

Foreign and Political Department.

STATEMENT OF OBJECTIONS AND SUGGESTIONS ON THE MYSORE INCOME-TAX BILL.

Clause 2 (7).—The definition of a 'company' in the Mysore Regulation, 1911 is not known, but presumably it refers only to companies registered in Mysore. The words 'foreign association' in the Indian Income-tax Act refer to an association of persons not belonging to Great Britain or any of the Colonies. If it has the same meaning in the Mysore Regulation, the definition of a company does not include companies as defined by the Indian Companies Act or formed under Acts of Parliament or Acts of the Legislatures of British Possessions.

Clause 3 (*1*).—This clause may require alteration when the question of double income-tax referred to below has been decided.

Clause 3 (*2*) (*iv*).—No provision is made for exemption of interest on securities held by a provident insurance society and similarly under clause 12 (2) sums paid to a provident insurance society are not excluded from the computation of the amount of income.

Clause (*4*).—Though the Indian Act was during its passage through council amended on the instance of non-official member with the object of excluding agricultural incomes altogether from the calculation, this result was not obtained owing to the defective nature of the amendment proposed. According to the latter of the law therefore, the effect of the corresponding clause in the Indian Income-tax Act is to exempt agricultural income from the tax but not to exclude it from the calculation of the total amount of income according to which the rate of tax is fixed. In practice, in India, the Government of India acting on the spirit of the amendment as passed in council have given instructions that agricultural income should be excluded altogether in computing the amount of income for the purposes of the Act. Possibly the Mysore Darbar will wish to alter the clause so as to make it consistent with Indian practice

Clause (*6*) (*i*) (*a*).—Income-tax on salaries as defined in this clause is deducted at the source under clause 15. It is therefore incorrect to place the exemption of the salaries of His Majesty's Indian Forces in this clause. Since it would be impossible for the Mysore Government to collect tax at the same time except with the specific consent of the Government of India. In Mysore, these salaries would not be assessed under the head "Salaries" unless the Government of India enter into an arrangement with the Darbar to collect the Mysore income-tax on the salaries of the members of His Majesty's Forces who might be liable to pay, and the conclusion of any such arrangement is improbable. The income derived from such salaries (should a case actually arise) would be assessable in Mysore under clause 11 and the exemption should be placed under that clause.

Clause 6 (*2*).—This raises the question of double income-tax on salaries. At present the salaries paid by Government to British subjects and servants of His Majesty in any part of India are liable to Indian income-tax, and, under the Mysore Regulation, would also be liable to the Mysore income-tax. Similarly under the proposed Regulation the salaries paid by the Mysore Government to the servants of His Highness the Maharaja in any part of India would be liable to double income-tax. This is one of the questions for discussion at the proposed conference.

Whatever may be the decision at the conference, the words 'or by a local authority established by Government' seem unnecessary, because, so far as is known, there are no local authorities established in India by the Government of Mysore.

Clause 7.—The inclusion of the securities of the Government of India in this clause is meaningless, because income-tax on 'interest on securities' as defined by this clause is deducted at the source under clause 15, and the Government of India will not deduct Mysore income-tax on its security at the time of the payment of such interest. The income from such securities would be assessable under clause 11, and if it is intended that the Mysore tax should not be payable on interest receivable on a security of the Government of India declared to be income-tax free, this exemption should be inserted in clause 11.

Clause 10 (*3*).—This is unnecessary, because the professional fees would be taxable under sub-clause 1.

Clause 16 (*a*).—The limit of Rs. 600 in this clause was fixed with reference to the minimum of taxable limit under the Indian Income-tax Act, namely, Rs. 1,000. The minimum taxable limit under the Mysore Regulation is Rs. 1,200, and therefore the question of raising the limit in this clause requires consideration The same remark applies to clause 28 (1).

Clause 32.—The Administrator General of Madras cannot be required to pay Mysore income-tax on behalf of the income of persons for whom he is appointed Receiver.

Clauses 33 and 34.—The clauses raise the whole question of double income-tax on companies whose business is carried on partly in Mysore and partly in British India. This question will be discussed at the conference.

Clause 35 (1).—The words at the 'end to which the Collector is subordinate' are unnecessary if not meaningless.

Clause 50.—In respect of clause 36 of the Regulation, this clause goes further than the Indian Income-tax Act (since only the powers of the local Governments and not those of the Government of India can be so delegated) but perhaps this is the intention of the Darbar.

SGPI, Delhi—786F&PD—25-1-19—50

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The suggestion now made by Mr. Denning is that even in respect of profits earned in Mysore the difference between the British Indian & Mysore rates would be taken by British India

So far as the direct case is concerned this does not really affect the amount of tax which will be obtained by the Mysore State as Mr. Denning correctly observes.

But as regards the converse case viz. that of a Company having head quarters in Mysore & having branches or doing business in British India Mysore will lose. Supposing the Company makes a profit of one lakh of which 60,000 is made in British India. Then under the rule as it now stands Mysore will get tax on Rs 40,000 at its own rate. But according to the rule now proposed by Mr. Denning Mysore will get tax on 1 lakh at Mysore rate minus tax on Rs 60,000 at British Indian rate — which may be nothing. If Mr. Denning had tried to formulate the consequential alteration in the next sentence — and the sentence referred to by him cannot be altered without a

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S

Serial No.

Corresponding change being made in the next sentence — the difficulty of the course suggested by him from the Mysore point of view would have become apparent —

M
10.2.19

[However the point is not very material from our point of view & cannot see in which Mysore may lose with the few. So if Govt wish to ~~except~~ accept the change proposed by Mr Denning there would be no serious objection: Perhaps the 1st Member & Mr Dass. Secy Dpt may also be consulted. M]

Dewan) The 1st member with Comptr Genl. M Spencer
4
9.2

Mr Chatterton's criticism is quite correct. If the rates were alike in Mysore & in ~~the~~ British India, then the arrangement as drawn by Mr Denning's letter would be all right

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-19—S.

G. R. S. III-2]

D 2254-

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But if, as is very probable, the Mysore rate be fixed lower than the British rate, then so much of the British income-tax as is in excess of what would have been payable on the same amount of profits under the Mysore rate would have to be deducted from the amount of the Mysore income-tax. This being a question of principle, we may bring it to the notice of the Govt?

The Resident inquires whether we desire to make any observations on the Memorandum. I think we may say that the Durbar provisionally accept the ~~arrangement~~ understanding recorded therein; but I believe we have to consider the matter in Council & adopt the conclusions arrived at.

21-2-19.

Dewan

Maybe drawn attention of Council

22/2

Kindly with compliments

Translate rapidly

22/2

FINL. BRANCH
25 FEB 1919

NOTE—Contn. sheet.

4877-30
26.2.19

26.2.19

WD A 1789—GTB—60,000—20-8-18—S.

c. 661

Extract from the Proceedings of the 40th *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 27th February *19*19.

3. Subject.-Clause 1 of the Schedule.

Income-tax deputation report and the Residency communication thereon.

Opinion of the Council.

The proposals of the deputation committee as contained in the joint report of discussion with the Government of India may be approved subject to the modification suggested by Mr. Denning in his letter dated the 30th January 1919 in so far as businesses with head quarters in British India are concerned.

Sd. A. R. Banerji,

~~fg. Dewan of Mysore.

"EXTRACT'

C.S. Balasundaram

Chief Secretary to Governme

WD 1148—GPB—1,000—28-12

C 551

WD A2089—GPB—500—1-5-18

G. R. S. III-2]

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*23. As soon as circulation is complete and the opinion of the Council is recorded the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government, Financial Department, under *Rule 23 of the Subsidiary Rules of Council Business.

By Order,

CS Balasundaram
Chief Secretary to Government.
1-3-19

5-97
3-3-19.

To Hon'ble Member for favour of remarks on the draft DO ~~to~~ Resident placed now.

I think it may issue with such modifications as may be made. The bill is being printed in accordance with the joint report & a copy may be sent to the Resident in order when ready.

The file may kindly be returned soon for a D.O. being put up to Govt in accordance with the Council resolution.

M
3.3.19

Draft D.O. revised - clean copy may be placed in file

M
3.3.19

The draft D.O. as revised by the Hon'ble Member may be kindly approved & issued early & the file sent for a D.O.

Serial No.

being put up & further action taken.

2) The revised draft bill with the joint-report suggestions incorporated will be ready in ~~a few~~ a few days & a copy may be sent to Residency in continuation of the D.O. ~~if considered necessary~~ if considered necessary. ~~Now it is hardly necessary to do so.~~

3) The Govt of India have raised the minimum limit of taxable income to Rs 2000/- & abolished the summary procedure which applied to 1000 - 2000 incomes. We may have to take further action in respect of our bill ~~but the exact changes can be effected in the select Committee stage & the approval of the Govt of India obtained if necessary at that stage~~. To avoid loss of revenue we may also have to levy a higher rate on incomes above Rs 50,000 or so. The exact changes in these directions have not yet been decided by our Govt & it is desirable that they should be decided only after ascertaining the trend of public opinion. For these reasons it is desirable to introduce the bill as now revised

NOTE—Contn. sheet.

G. R. S. III-2j

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and leave further changes to be dealt with as amendments. If any important amendments are introduced we may obtain the approval of the Govt of India separately. They are not likely to object as the changes contemplated are all in the direction of the Govt of India act.

11.3.19

Devang

5058
4-3-19.

Raising the taxable minimum to 2000 Rs. in B India would involve us doing the same at least. and then may I fear reduce the total receipts under Income tax The Bill when published should embody this change Otherwise there will be many criticisms

From Under Sec

The draft letter approved & will issue In the meantime the bill may be finally drafted & placed before Council

5/3

NOTE—Contn. sheet.

To be got approved by 1st. December 1919 27/12

Dear Mr. Cobb,

I beg to invite a reference to the correspondence ending with your D.O. letter dated the 19th February 1919 regarding the Mysore Income-tax Bill.

~~I am to state that~~ the Durbar have no objection to the modification ~~suggested by~~ which Mr Denning in his letter dated the 30th January 1919 ~~Of course as regards the cases referred to in the sentence following that... which is thus modified, viz., those~~ of companies having head offices within Mysore State but having branches or doing business outside, the Mysore Durbar will tax the Mysore profits (and that alone) according to Mysore rates and should not be required to allow a deduction of income-tax paid in British India from the tax on the full profits assessed according to Mysore rates. The two sentences after revision will stand as follows:-

Businesses whose head-quarters are in British India but have branches in Mysore or carry on business in Mysore should be allowed a deduction from the Indian income-tax payable by them of the amount of Mysore tax that would be payable on the profits which appear to the British assessing officer to be due to transactions in Mysore. Businesses whose head-quarters are in Mysore and which have branches or dealings in British India should be allowed by the Mysore assessing authority a deduction from their assessable profits of an amount which appears to t h e

Withdraw to make in the second sentence of paragraph 3 of the joint memorandum on the assumption that it will not involve any corresponding change in the sentence next following. This sentence deals with the case ——— - - - -

leaving the Mysore Durbar to tax the remainder at British Indian rates. As the Mysore rate will probably be lower than the British Indian rate, it will not bring any advantage to the State to assess the entire profits at Mysore rate and then allow a deduction of the amount of tax assessed at British Indian rates on the profits accruing in British India.

is proposed in the Joint Memorandum

and they propose to incorporate the necessary amendments in the Income-Tax Bill before it is passed into law.

I wish to authorise the announcement at the next meeting of the Privy Council I shall adhere to as far as

Herbert Samuel

on this matter.

Herbert Samuel

Dewan

MS
26.2.19

D.O. No. R.6 dated 5.3.1919.

Issued.

Dear Mr. Cobb,

I beg to invite a reference to the correspondence ending with your D.O. letter dated the 19th February '19 regarding the Mysore Income-tax Bill.

Read by Mr. A.R. Banerji

The Durbar have no objection to the modification which Mr. Denning in his letter dated the 30th January '19 wishes to make in the second sentence of paragraph 3 of the joint memorandum on the assumption that it will not involve any corresponding change in the sentence next following. This sentence deals with the case of Companies having Head Offices within the Mysore State but having branches or doing business outside, as to which the Mysore Durbar will tax the Mysore profits (and that alone) according to Mysore rates, leaving the Government of India to tax the remainder at British Indian rates. As the Mysore rates will probably be lower than the British Indian rates it will obviously not be advantageous to the State to assess the entire profits at Mysore rates and then allow a deduction of the amount of tax assessed at British Indian rates on the profits accruing in British India. The two sentences after revision will stand as follows:--

Businesses whose head-quarters are in British India but have branches in Mysore or on business in Mysore should be allowed a deduction from the Indian income-tax payable by them of the amount of Mysore tax that would be payable on the profits which appear to the British assessing officer to be due to transactions in Mysore. Business-es whose head-quarters are

are in Mysore and which have branches or dealings in British India should be allowed by the Mysore Assessing authority a deduction from their assessable profits of an amount which a pears tothe assessing officer to be due to transactions in British India..

The Durbar agree to the conclusions arrived at the Delhi Conference as expressed in the joint memorandum with the modification suggested by Mr. Denning and they propose to incorporate the necessary amendments in the Income-tax Bill before it is passed into law.

As the Durbar wish to introduce the measure at the next meeting of the Legislative Council to take law on the 24th inst. I shall esteem it as a favour if you will kindly obtain the consent of the Government of India in this matter by telegram if possible.

Yours sincerely,

Dewan.

The Hon'ble Mr. H. V. Cobb, C.S.I., C.I.E., IC.S.

WD 1233—GPB—60,000—1-12-16—S.

G. R. S. III-2)

C 661

General and Revenue Secretariat. | File No. | of 191

Serial No.

D. O. No: R. 6 dy 5th March 1919, has been issued to the Residency, from the Secretariat office, and the draft placed in the file.

NM

5.3.1919.

(1)

Draft D.S.N is ~~submitted~~. After the file is sent back a further note will be put up suggesting that the ~~suggestions~~ proposals contained in my note of 4.3.19 & the Dewan Saheb's minute of 5.3.19 regarding raising the minimum limit & fixing a higher rate for incomes over Rs 50,000 or so may be given effect to.

(2) The revised draft bill will be ready soon shortly & as soon as it is ready it will be placed before Council as desired by Dewan Saheb.

M

5/3/19

5.3.19

Dewan) WP

5/3

NOTE—Contn. sheet.

Submitted to His Highness.

A in the linked file

2. On the 2nd July 1918 His Highness approved the introduction of Income-tax in the State. A draft Bill was accordingly prepared for being placed before the Legislative Council. His Highness approved the draft bill on the 27th September 1918 and authorised a copy of the bill being forwarded to the Residency for the information of the Government of India. The Government of India suggested that a Conference might be held at Delhi between the representatives of the Durbar and the Government of India to discuss certain points in connection with the bill. Accordingly Messrs. J.S. Chakravarti and C.S.Doraswami Iyer proceeded to Delhi to discuss the matter. Their report of the discussion together with a joint memorandum signed by them and the representative of the Government of India was submitted for His Highness' information on the 22nd February 1919.

B in —do—

C in —do—

2506

2. The Council at their meeting held on the 27th February 1919 have recommended that the proposals as contained in the joint memorandum may be accepted subject to a slight modification which was afterwards made by Mr. Denning, the Government of India representative. This recommendation of the Council may be graciously approved.

5211

3. I have now written to the Hon'ble the Resident that the Durbar wish to introduce the measure at the next meeting of the Legislative Council to be held on the 24th instant and that the formal consent of the Government of India may be obtained by telegram if possible. This action may also be kindly approved. His worthy intention to push through the bill without any delay. Vakils for discussion

G. R. S. III-2]

C. 661 V

General and Revenue Secretariat. | File No. of 191

Serial No.

(*)

31. All urgent or confidential files returned with His Highness' orders may, in the absence of instructions or indications to the contrary, be ordinarily circulated to the Members of Council for perusal after the issue of orders.

33. The Secretaries concerned should see that orders in the cases referred to above are issued at once and that the files are returned immediately after to the Chief Secretary for circulation to the Members.

34. In all other cases, the files will first be circulated to the Members of Council at headquarters and then sent to the Secretariat concerned for the issue of orders.

2147

Circulated to the Members of Council for perusal of His Highness' orders ~~before~~ / after issue of orders. (*Vide* Rules 31, 33 and 34 of the Subsidiary Rules for the conduct of business of Council in the Manual of Council Rules and Procedure).

V Balasundaram

Chief Secretary to Govt.

Through the Secretary to Government,

Financial Department.

Kindly see further note by
13-3-19

Dewan Yes all approved
13.3.19
with the Hon'ble Member
Maj. Cook

FIRST MEMBER OF COUNCIL

To Ch. Secy for favour of circulation with reference to Dewan Yes Maj. Cook's note. The 1st Member has already scrutinized

5398-480
15-3-19

SECOND MEMBER OF COUNCIL

Reed
15.3.19

TEMPORARY MEMBER OF COUNCIL.

18/3

14/3

To Ch. Secy with compliments for Comm: Council meeting.

19/3

NOTE.—Contn. sheet

WD 1573—GPB—500—4-3-19

G. R. S. III-2]

General and Revenue Secretariat.	File No.	of 19

Serial No.

+ by Mr C.S. Dorasamy Iyer and 1st Member (Secretariat file)

A copy of the draft bill revised according to the joint report & in reference to some other verbal & minor matters as placed below. It may be considered also

© Flag S

NOTE—Contn. sheet.

Serial No.

may be submitted / the Schedules / as per yesterday

early as possible if necessary by circulation & the introduction of the bill as now settled into the Legislative Council approved so far as our part is concerned.

The course to be adopted if Govt of India's assent as reported in Devan's D.O. to the President dated 5.3.19 is not received by the 17th (six clear days before the meeting) may also be decided. Perhaps in that case the motion for leave to introduce need not be made on the 24th but the bill may be published & introduced at a future meeting to be held in April.

The two schedules will also have to be suitably altered as indicated in the Devan Saheb's minute of 5.3.19. The schedules may then be altered as shown in the next sheet. The Govt of India may be informed that in view of the change made by them the alterations have become necessary.

may be caused in Council

13.3.19

[There are some other recommendations & suggestions in the Committee's report and in the deputation report but these may be taken up for consideration in the Select Committee stage]

P.T.O

NOTE—Contn. sheet.

G. R. S. III-2j

General and Revenue Secretariat. | File No. | of 191

Serial No.

SCHEDULE I.

(See Section 14.)

Rates of Tax.

	Rate.
I. When the taxable income is not more than Rs.2,400	Nil.
II. When the taxable income is more than Rs.2,400	
(i) When the total income is not more than Rs.9,000	Three pies in the rupee.
(ii) When the total income is more than Rs.9,000 but is not more than Rs.25,000.	Four and a half pies in the rupee.
(iii) When the total income is more than Rs.25,000 but is not more than Rs.75,000	Six pies in the rupee.
(iv) When the total income is more than Rs.75,000	One anna in the rupee.

Schedule II.

(See section 37.)

Rates of Refund.

	Amount.	Refund.
1.	Not more than Rs.2,400	One anna in the rupee.
2.	More than Rs.2,400 but not more than Rs.9,000	Nine pies in the rupee.
3.	More than Rs.9,000 but not more than Rs.25,000	Seven and half pies in the rupee.
4.	More than Rs.25,000 but not more than Rs.75,000	Six pies in the rupee.

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191

Serial No.

Whether a motion for leave to introduce the I.T. Bill may be included in the agenda for the Legis: Council meeting dy 24.3.19.

Dates not filled up as main file is not available being with Temp Member at Mysore.

1) A reply to Dewan Sahib's Do. to the Hon'ble the Resident dy has not yet been recd

2) In my note dy X I suggested that if in the absence of a reply from the Govt. the leave cannot be obtained on the 24th, the obtaining of leave may be dispensed with & the bill may be published on receipt of the Govt of India's consent & introduced at the next meet the Dewan Sahib agreed in this view.

8493/18.3.19

3) As the agenda paper has to issue today, may be finally decided now as to whether the motion for leave may be included or not. H.H. has sanctioned the introduction of the bill in Legislative Council & the Mysore Govt have accepted a the suggestions made by the Govt of India. Moreover in asking for leave the bill itself has not to be placed before the Council. Leave will be asked for only to introduce an income-tax bill without going into particulars and the Govt of India have raised no objn. to the introduction of income-tax but only made some suggestions as to details. In this view the

NOTE—Contn. sheet

G. R. S. 111-2]

General and Revenue Secretariat. | File No. of 191

Serial No.

does not seem any objection to include the motion for leave, which is quite distinct from introducing the bill itself.—

M
18/3

1st Member
Dewan

2/11. The above represents my personal instructions to the Advt. Legal Council, on the point upon which I was consulted by him at the instance of the Hd Advt.—

The motion for leave to introduce the Bill (under Rule 30) may be included in the agenda.— M 18/3/13

IMMEDIATE.

Dewan) I think this bill
omit may be
Board in Council (and
4/3

Ch. Secy with compliments.
M
Mr S. D sanction her 19/3
letter received today.— It may be
instituted M

NOTE—Conta. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

4693.

19-3-19.

D.O.letter No.2103 dated 19th March 1919, from the Hon'ble the Resident in Mysore, to the Dewan.

Please refer to the correspondence ending with your demi-official letter No.R.6, dated the 5th March 1919, regarding the Mysore Income Tax Bill.

The Government of India have no objection to the introduction in the Legislative Council of the Bill with the amendments suggested at the Conference held at Delhi.

You will doubtless let me have in due course copies of the Bill as finally passed in Council, for transmission to the Government of India.

Copy to the Chief Secretary for favour of necessary action. If it is too late to introduce the Bill at the ensuing meeting, it must be brought up at the next meeting.

19.3.

C-661

Extract from the Proceedings of the 483 rd *Meeting of the Council of His Highness the Maharaja, held at Bangalore on the* 20 - 3 - *19*

3. Subject.-Clause 1 of the Schedule.

Inclusion in the agenda of the next Legislative Council of the 24th the subject "motion for leave to introdnce the Income-tax Bill."

Opinion of the Council.

The Bill may be introduced in the Legislative Council at the next meeting and the Schedule may be as follows:-

Taxable income is less than Rs.2,400	...	N i l
Taxable income is Rs.2,400 or upwards -		
(i) when total income is Rs.2,400 or upwards but is less than Rs.9,000.	..	3 pies in the rupee.
(ii) when total income is Rs.9,000 or upwards but is less than Rs.25,000,	...	4½ pies in the rupee.
(iii) when total income is Rs.25,000 or upwards but is less than Rs.50,000,	...	6 pies in the rupee.
(iv) when the total income is Rs.50,000 or upwards but is less than Rs.75,000,	...	9 pies in the rupee.
(v) when total income is Rs.75,000 or upwards		1 anna in the rupee.

SCHEDULE II.

Rates of refund.

(i) Less than Rs.2,400	...	1 anna in the rupee
(ii) Rs.2,400 or upwards but less than Rs.9,000.	...	9 pies in the rupee
(iii) Rs. 9,000 or upwards but less than Rs.25,000.	...	7½ do.
(iv) Rs.25,000 or upwards but less than Rs.50,000.	...	6 do.
(v) Rs.50,000 or upwards but less than Rs.75,000	...	4½ do.

Extract-
C Balagurudayya
Chief Secy. to Govt.

Sd. A.R. Banerji
Offg: Dewan of Mysore

WD A2089—GPB—500—1-5-18

G. R. S. III-2]

General and Revenue Secretariat.

File No. C. 661 of 191

*23. As soon as circulation is complete and the opinion of the Council is recorded the file will be forwarded to the Secretary in the Department concerned for transmission if need be to the Financial Secretary under Standing Orders and for submission to the Dewan or Member in charge.

Extract from the Proceedings of the Council is put up.

Forwarded with compliments to the Secretary to Government, Financial Department under Rule 23 of the Subsidiary Rules of Council Business.

By Order,

Chief Secretary to Government.
20/3/19

(1) D.S.N

(2) Draft to Residency forwarding the draft D. J. bill as proposed to be introduced in the Legislative Council for approval.

(3) Is approved
21.3.19

[Neat printed copies of the bill as finally revised have been ordered from the Press & will be placed on the file for submission to H.H. with also from endorsement to the D.O. to Resident.

Dewan

21/3

i/56

Submitted to His Highness.

On the 11th March 1919, His Highness approved the proposals, contained in the Joint Memorandum signed by our representatives and that of the Government of India, being incorporated in the draft Income-Tax Bill. The Government of India having since intimated that they have no objection to the introduction in the Legislative Council of the Bill thus revised, the motion for leave to introduce the Bill will be made at the meeting of the Legislative Council to be held on the 24th instant.

2. It is, however, considered necessary to alter the schedules attached to the Bill which contain the rates at which the tax is proposed to be levied and the rates of refund in certain cases. The Council at its meeting held on the 20th March 1919 have resolved that schedules 1 and 2 might be revised as indicated in the resolution. The raising of the minimum taxable limit from Rs.1,200 to Rs.2,400 in our Bill is due to the action of the Government of India in raising the taxable limit in British India from Rs.1,000 to Rs.2,000 and the other changes are necessary chiefly to make good the loss which will arise owing to the raising of the taxable minimum. I am sending to the Hon'ble the Resident, a copy of the Bill as finally revised and proposed to be introduced in the Legislative Council for the information of the Government of India. This action and the recommendation of the Council to revise the

Schedules

schedules as explained above may now be graciously approved.

22nd March 1919.

22-3-19

G. R. S. III-2

General and Revenue Secretariat. | File No. of 191

Serial No.

944/26.3.19
R

I submit herewith copies of the Income-tax Bill as revised. A copy with the corrections approved by the First Member in red ink and a newly printed copy according to those corrections are both submitted. Owing to the revision of the schedules, several consequential changes have become necessary in the body of the Bill. These are shewn in red ink in the re-print and are enumerated below:-

Clause.	Sub-Clause.	Present figure.	Altered figure
14 ..	(2) Proviso ...	1,200 ...	2,400
16 ..	(a) ...	720 ...	1,440
17 ..	(2) ...	6,000 ...	9,000
	(3) ...	1,200 ...	2,400
		6,000 ...	9,000
28 ..	(1) ...	720 ...	1,440
30 ..	(1) ...	1,200 ...	2,400
		6,000 ...	9,000

These are all right- R

The last figure in schedule 2 as laid down by Council is 4½ pies, I think it is a mistype for 3 pies. I have made the correction accordingly.

It is a matter for consideration whether the process of summary assessment should be retained and whether it is desirable to fix the limit of 9,000 Rs for summary assessment. Perhaps now that the minimum is raised provision regarding summary assessment may be dropped; but this

NOTE—Contn. sheet.

G. R. S. III-2j

General and Revenue Secretariat. | File No. of 191

Serial No.

will be a matter for Select Committee to consider. We may leave things for the present as they are.

The alteration of the wording of the schedule has made some changes of more than so much" to "not less than so much & the like necessary

After approval copies will be attached D.O. to Resident already signed by Dewan & the D.O. despatched

26/8/15

1st Members sign may be done

Please see marginal remarks above.

28-8-15

D.O. to the Hon'ble the Resident issued and the file returned

B.O.

29/8

The Mysore Income Tax Bill

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record

Submitted

Since leave has been granted by the Legve Council for introducing the Income-tax Bill, steps have next to be taken to publish the Bill with the Statt of Objects & Reasons in the Mysore Gazette and forward copies the members, under Rule 31 of the Rules of Business

According to a Programme prepared some days ago, it seems that there is to be a Special meeting of the Council* for introducing the Bill & reference it to a Select Committee Under Rule 33, ~~at least days to be~~ there should be an interval of 15 clear days between the date of publication of a Bill and of its introduction

on the 16th April

*(In English and in Kannada vide, Rule 31.)

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

(I.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for

We cannot afford
to wait till 27th. A.
Copies extra ord.y may
perhaps be issued to
Mauno only Cushman
the Bill with Sh: of O. & R.
Otherwise there will not
be 15 clear days before—

N.B Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

16. 4. 19. To-day Council met to sit as the meeting to consider the Kannada translation may take 2 days more since we are allowed 15 clear days from the date of the publication of the Bill in Kannada as required under R. 33 of the Rules intended to have the said meeting on 16. 4. 19 the Bill has to be passed to-morrow only as stated above.

Steps, arrangements will be made accordingly

D. M.
25/3

I Member

I think there is no particular reason for hurrying with the passing of the Bill on especially in view of the opposition of the non-official members of the Legislative Council

N.B.—Should routine notes be written on small slips, e notes must be copied or slips pasted on this form.

G.R.S. III—3]

ROUTINE NOTES.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

D.O. No. 5923.

THE RESIDENCY,
BANGALORE.
4 April 1919

D.O. No. 2642.

Dear Mr. Banerji

In acknowledging, with thanks, the copy of the Mysore Income Tax Bill forwarded with your demi-official letter No. 6486, dated the 29th March 1919, I am desired to request that, if available, another copy may kindly be furnished for record in this office. I am also to request that two copies of the Bill as finally passed by the Mysore Legislative Council may kindly be sent to me.

Yours sincerely.
H Wilkinson

A. R. Banerji, Esq., C.I.E.,
Offg. Dewan of Mysore.

BJ
D.N.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

J.R.S. III—3]

14203

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Copy of DO Letter from the Residency acknowledging the receipt of a copy of the Income Tax Bill and requesting that another copy of the Bill may be sent for record ; that 2 Copies of the Bill as finally passed may be sent later

The file re Income Tax Bill is in the Fin[l] Secretariat.

Copies of the Income Tax Bill have not yet been received from the Compiler, Mysore Gazette. May their receipt be awaited?

Subd for orders

[illegible] 7/4

I have placed a copy of the Bill on the Dewan's table. Should any corrections be necessary, they may be made & sent to the Record[g].

Please put up drafts & I will forward it.

6/4

Subd with a draft d.o.

A.A.P. Send fair & the D.S.O. for favour of obtaining Dewan's Signature

To-day.

[illegible] Submitted to the Private Secretary to Dewan with the fair copy of the draft and returned

[illegible] 1914

[illegible] removed

[illegible] Gazette copy is

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

A.A.P. 16/4

DEWAN'S OFFICE.
Rcd. on APR 16 1919
Reg. No. 6360.

No 65389-17-6-19.

Revised Programme of Income Tax Bill

G. R. S. III-2]

General and Revenue Secretariat.	File No.	of 191 .

Serial No.

Revised programme
Income-tax bill.

The bill was published in the Mysore Gazette on 3.4.19.

I submit a revised programme of the several stages for approval.

M
7/4

1105
7.4.19.

for Member
decision

Secy, Legl, to see me today at 4 Pm about this matter.
9.4.19

I think we may adhere to the date already fixed, namely the 23rd May, for the introduction of the Income-tax Bill & its reference to a Select Committee. The further progress of the Bill will depend upon the Select Committee's deliberations, & we need not therefore anticipate the subsequent stages for the present.

The discussion of the Budget can be taken up at the same meeting of the Legl.
5/4/19

[* I shall only be returning from tour a few days previous.]

NOTE—Contn. sheet.

WD A 1783—GPB—60,000—20-3-19—S.

G. R. S. III-2.

D 2777 - Ord

General and Revenue Secretariat.

File No. of 191 .

Serial No. 57

There is no notice having changed the bill

The meeting to introduce the bill (first reading may be held in June. with the Budget discussion in Mahabubnagar

I am afraid will not be convenient for me to have a meeting of the LC in May

W
7.3.19

2403/174

Hetero,

18/14/4

Flag X

Kindly see Budget calendar according to which the Budget discussion meeting of the Legislative Council is to be held about the 2nd week of May. It was in accordance with this that a meeting was proposed on 16.5.19 for Budget discussion & introducing the D.D. bill

If the budget calendar is to be changed the revised date for the Legislative Council meeting may be kindly fixed.

M
15/4/19

1232/16-4-19

1st Member
Dewan

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

1. Dewan

If the 23rd or 30th May cannot conveniently be fixed, then perhaps the 6th June may suit. With this exception, I would leave the matter for the Dewan's orders — 17/4/19

18
17/4

Dewan)

I agree to 6th June
I presume the will not clash with the Birthday Flag in Mysore. Will this
will not clash with the Birthday Flag.

DEWAN'S OFFICE.
Recd. on APR 17 1919
Reg. No. 6416.

Kindly see D.O. letter submitted herewith containing a respectful representation.

20-4-19

1 Meeting for introducing 9th May
2 Pub. of S.C.'s report 22nd May
3 Mtg to Considering the S. Committee report 20th June
4 Final hearing of meeting 25th

NOTE—Comm. sheet.

Legislative
In connection
with

To the Secy
with compliments

22.8

22/8/19

WD A 1789—GPB—60,000—20-3-18—S.

D.O. no 329

Financial Secretariat,

Bangalore, the 19th April 1919.

My dear Mr. Banerji,

I have several times represented that it is desirable to pass the income-tax bill into law before the 30th June 1919. This is possible if we hold meetings as frequently as the Mysore Legislative Council Regulation allows. (Vide revised programme annexed.) My idea is not to suspend the rules and rush through the measure but to give full time at all stages at which the non-official members may discuss the provisions and bring forward amendments. But the opinion of Government as far as I can make out from orders already noted in the file in question is to proceed leisurely and take about a year or so in passing the measure. In your ~~last~~ minute dated 13th April 1919 you noted that there was no hurry about the matter - the file is now before you* in connection with the date of the budget discussion meeting of the Legislative Council in May.

*Since received & resubmitted with this letter.

Now it is clear that if we do not pass the bill before the 30th June 1919 we shall lose the tax for the ensuing year. It will not be right and it would not be

possible to give retrospective effect to a law like this. The tax though calculated on the income of the previous year is a tax on the income of the year current and a law which comes into force in the middle or late in the year cannot be applied to the income for the year. So it comes to this that unless we pass the bill before the 30th June as -- shewn in the calendar, we may lose 8 to 10 lakhs of rupees, about 6 lakhs of which will come from the Gold Mines. (Of course, under the British Income-tax the gold mines get rebates from the Inland Revenue Commissioners of England and the mines themselves will not suffer in any way.)

The object of Government in allowing more time is perhaps to lessen the unpopularity of the measure. I do not know whether the opinion of the country about a measure of this kind will ever become enthusiastically unanimous. The voting at the meeting at which the bill was introduced was 12 to 7 (Dewan President not voting) and that is not bad considering that our Council is one of non-official majority of 13 to 11. In fact that was as satisfactory as we could expect. I do not know whether we can improve matters in this respect.by prolong-

G. R. S. III-2,

General and Revenue Secretariat.	File No.	of 191 .

Serial No.

Income tax Bill
Panel for Select Committee

8 Basavaraja

7 B Narasinga Rao

6 Kalam.

5 Chennaraja.

4 Sankaranarayana Rao

9 Chakravarthi ✓

2 Puttamma Chetty ✓

1 Chandrashekharaiah ✓

~~Kamath Krishnamurthy Rao~~

3 Reddy ✓

CSS
22/4/47

D. O. From P. 78

Do No 346.
See one file

PRIVATE SECRETARY MYSORE

The Palace, Mysore,
21st April 1919.

My dear Sir,

In returning the file received with your D.O. letter No. P 66 dated the 20th April 1919, I am directed to say that His Highness has no objection to introducing the Incometax Bill in Council, as you suggest spacing it before June 30th

Yours sincerely,

A. R. Banerji, Esq., C.I.E.,
Bangalore.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Lt. to Chief Secy 5/5/19

D.O. No. 3347.

D.O. F. 5954.

THE RESIDENCY,

BANGALORE.

30th April 1919.

Dear Sir,

Please refer to the correspondence ending with your demi official letter No. 6538, dated the 17th April 1919. I am desired to request that 30 copies of the Mysore Income Tax Bill as finally passed by the Mysore Legislative Council may kindly be forwarded to me for transmission to the Government of India who have asked for them. I shall be glad to have for my office the 2 copies asked for in Mr. Wilkinson's demi official letter No. 2672, dated the 4th April 1919.

Yours sincerely,

J. Hayden

I.C.S.

Secy. Assistant Resident.

To,

A.R. Banerji, Esqr., C.I.E., I.C.S.

Offg. Dewan of Mysore.

I.S.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

GENERAL AND REVENUE SECRETARIAT
( )
, *the* 191 .

Date of issue 10/5/29

Signed by W. C. Rodgers

Section

File No.

Serial No.

No. G 25504

To

Dear Sir

I am desired to acknowledge the receipt of your ~~Reference~~ D.O. letter no. 3341 of the 30th ultimo to Mr Banerji ~~dated 6 May~~ ~~that the Chief Secy has been asked~~ ~~to send you~~, 30 additional copies of the Mysore Income Tax Bill as finally passed by the Legislative Council will be sent to you in due course

& to say that

Yours sincerely,

CBR

J S Eyton Esq
Secnd Asst to the
Hble the Resident

over.

GRS

G.R.S. 13]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

D.S.M. + 2 copies of the mining boards' letter are submitted.

Drawing returned 12/5.

12/5

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

GPB—50,000—5-8-15

financial review is prepared. It was pointed out by me, quoting from my last speech at the Assembly that the review and examination of the financial position will only confirm my statement that for rapid growth of expenditure, new sources of revenue will have to be discovered. The mover as well as the other members agreed that the Bill could, if such were the case, be introduced without opposition. Steps ~~will be taken~~ are being taken to have this review prepared as early as possible.

B

In this connection, I also submit for His Highness' perusal a letter from the Kolar Gold Fields Mining Board about the income-tax. The Board will be informed that Government are not prepared to exempt the Mines from the income-tax, but that before the Bill is finally passed they will be prepared to receive the representatives of the Mining Board and hear their objections, if any.

12th May 1919.

12. 5. 19

Letter dated the 10th May 1919, from the Acting Secretary and Treasurer, Messrs. John Taylor & Sons Committee, Oorgaum, to the Chief Secretary to the Government of Mysore.

...

MYSORE INCOME TAX BILL.

I have the honour to communicate to you herewith a telegraphic message which we have received by cable from Messrs. John Taylor & Sons, London, Managers of all the operating Companies on the Kolar Gold Field:-

> "Referring to Bill under which we understand Your Government proposes to impose an income tax in Mysore we are requested by all Gold Mining Companies under our management to submit that to this proposal in its particular application to Mines there are grave objections-mines are wasting assets and already pay their full quota of taxation in the shape of royalty on gold produced plus tax on profits. It is becoming increasingly difficult to keep working costs within bounds with the greatly enhanced cost of all supplies and the increasing depth of the mines. Any fresh burden taxation would therefore have serious effect upon life of mines it would also prejudice raising additional capital which may become essential. Directors and ourselves respectfully but most strongly urge that mining companies should be exempt from provision of the Bill."

In regard to the above message Messrs. John Taylor & Sons are anxiously awaiting a reply by cable and I am therefore

therefore instructed to ask for the favour of a communication from Government at as early a date as possible.

I am further instructed to inform you that figures and statistics in support of the arguments put forward by Messrs. John Taylor & Sons are available here and can be submitted to Government at their convenience either personally by chosen Representatives from this Committee or in writing.

---:o:O:o:---

C&G

(13 L. 2:19

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Postponing the consideration of the Income-tax Bill.

1162

Order.

~~KRW~~

19/5/19

Article to the Income Bill may be sent to the Finance Dept.

W.S

Please note with compliments

Draft. today 20/5

18

24/5

For the reply and subsequent discussion about the liability of mining companies see G.I. file 275 of 18 (Pgs 1–14)

646

F. R. S. III-2.

General and Revenue Secretariat. | File No. of 191 .

Serial No.

At the meeting of the Legislative Council held on the 12th instant the motion of Mr. B. Narasinga Rao "that the reading of the Income Tax Bill be adjourned till the result of the detailed examination of the financial position of the State and of the scale of expenditure is announced to the public as promised by the Dewan in his address to the R.A on 28-4-19" was accepted by the President, on the understanding that as soon as the financial results are announced the earliest opportunity will be taken to introduce the measure, granted that the results are not in themselves inconsistent therewith.

Submitted. If approved the file will be put up again after the announcement referred to.

AM 14/5

D.M. 14/5

The Fl Review has published on 5-9-1919

The file is returned. The dc: deals forwarded for further action.

Vide Dewan's order dy 15-12-19.

22-1-1920.

NOTE—Contn. sheet.

G. R. S. III-2

General and Revenue Secretariat.	File No.	of 19 .

Serial No.

Sent to Secrett

Subd for orders. If the Bill clear is to included in the agenda for the next meeting of the Leg Council. Reference is also invited to the note dated in the ~~margin~~

Addl 20/11

Subd for orders

Chief Secy

D. M. 3/2

II Member

Maybe included the next meeting's agenda.

4216 17.2.20

2nd member

Hy. has the opinion that Secret Committee. The Members also may be consulted

cpy 4/2

D. M. 16/2

(P.T.O)

Addl 21/2

NOTE—Contn. sheet.

G. R. S. III-2]

General and Revenue Secretariat.	File No.	of 191

Serial No.

Attached please Finance Department's draft letter which I propose to issue in this connection. If this will meet with the approval of the undersigned I will take necessary action.

Sd/-

21/2/20.

NOTE—Contn. sheet.

2116 47

G. R. S. III-2]

General and Revenue Secretariat. | File No. of 191 .

Serial No.

Section 6 (1). Qn. What about the salaries and pensions payable by the Palace ?

Such salaries and pensions are liable to the tax as they are paid "by or on behalf of any privat employer, where such employer has entered into an agreement with the Collector to recover the tax on behalf of Government".

Section 6 (1) (i). Qn. What about British - Military Officers living in the Mysore State ?

No case of a British Military Officer drawing in Mysore his salary payable by the British -- Government is likely to arise and if it does, the case has to be brought under Section 11 and exemption from tax allowed in respect of it. Please see the remarks of the Residency against Section 6 (1) in the Statement of Objections and Suggestions.

Section 8. Qn. Why not exempt the owners respect of the property in the actual and bona fi occupation of the owner?--

The object is to tax every kind of income over a particular level, except agricultural inco House property is one form of investment and income from it can not rightly be excluded from the levy. From the point of view of income from investment, the case is not different if a house is occupied by the owner, instead of being let out for rent. Owner of small houses get relief if their total income below the taxable limit.

Section 6 (2) Qn. Which Government ?

Mysore Government. Please see portion flagged

NOTE—Contn. sheet.

a176

G. R S. III-2]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

4449

(3) The Palace is not a private agency & can in no way be regarded as a private employer - the section will have to be suitably amended if it is intended to make Palace Departmental - pensioners liable to taxation -

(4) Then the criticisms of the Secretary Legislative & Law Departments & has the draft Regulation been suitably modified in respect of matters thus drawn to taxation and returned for reconsideration at the Delhi Conference

26/2

(5) Please see flags A and K: A contains alterations made and K is the final draft - Please see also DSN of 22-3-19

26-2-20

u2

4460 26/2/20 Third Member)

u4 necessary action may be taken in the Legislative Branch.

To the Chief Secy with compliments -

27/2

27-2-20

Lab 27/2/20

NOTE—Contn. sheet.

Secy Agency P 2882

Emily CSR 28/2

P.M. 28/2

WD A 1789—GPB—60,000—20-3-15—S.

Sq. 3-2° d. [illegible] Dept. [illegible]
D.O.No.2056

D.O. Fr. No. 289
S
THE RESIDENCY,
BANGALORE.
8th March 1920

Dear M. Kantaraj Urs,

The Government of India have written to enquire what is the present position of the Mysore Income Tax Act and whether it is a fact that the Bill has been thrown out by your Legislative Council. I shall be highly obliged if you will kindly let Mr. Barton know what reply should be sent to their letter.

Yours sincerely

H.V. Cobb

8. III

Sirdar M. Kantaraj Urs, C.S.I.,
Dewan of Mysore.

BJ

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G. R S. III-2]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

A draft reply to the Resi-dency is put up for consid-n leave to introduce the Bill as passed by the L.C. on the 24 March 1919, and the Bill as subsequently published under R.3 in the Mysore Gazette of 3.4.19. A motion to read the Bill had been included in the Agenda of the L.C. on the 12th May but it was postponed as Mr. B. Narasimha Rao moved the adjournment of the said motion which reference is invited to pp. 162 of the Abstract Proceedings of the meeting on 24.3.19 & to pp. 8, 11, 12 of the Abst. Proc.s of the meeting on 12.5.19

x H.W.

x H.C.

x H.W

DEWAN'S OFFICE.
Recd. on MAR 17 1920
Reg. No. 6400.

4983
16.3.20

Draft approved

3rd member

Dewan

Chief Secy

Chief Secy

Chief Secy

The Legis^ve Council meeting held on the 12th May 1919, but out of deference to the wishes of the non-official members who moved for an adjournment of the said motion, it was postponed. It is proposed to read the Bill at the next meeting of the L.C. on the 25th inst & to refer it to a Select Committee

3. The statement that the Bill has been thrown out by the L.C. has no foundation, and as reply on the above lines may perhaps be It is the intention of the Durbar to proceed with the measure in due course.

Yours sincerely,

B.S. 20

CBB

Hyderabad Secretariat Rules

As appd by III Member

1) III Member

2) Mrs M.A. Krishna Rao

3) " C.S. Balasundaram

4) " Ko.P. Puttanna Chetty

5) " M. Subbiah

6) " H.G. Basappa

7) " Chandy

8) " K. Shankaranarayan Rao

9) " H. Venkataramiah

10) " Abdul Rahman

11) " M. Rama Rau
12) " M.C. Ranga Iyengar } Secy 9.3.20

D 11/3/20

G. R S. III-2]

General and Revenue Secretariat. | File No. of 191 .

Serial No.

At the meeting of the Legislative Council held on the 25th March 1920 the Income tax bill was read and referred to a Select committee consisting of the members noted in the slip attached

A date for the meeting of the select committee has now to be fixed.

It is also a point for orders whether the mining Board has to be asked to send their representative for being heard before the Select Committee. In the letter of 31st July 1919 they have been told that a date for hearing the deputation will be intimated after the Bill is introduced in the Legislative Council & referred to a Select committee.

Submitted for orders.

H. G

5380 31.3.20

NOTE—Contn. sheet.

86 29/3

III Member 10th April D 31/3

Secy 29/3

Secy Govt

G.R. S. III-2]

General and Revenue Secretariat. | File No. | of 191 .

Serial No.

Another date may be fixed for the Mining Board Council & make this representation when the Memorandum is put.

1/4.

Please put up Draft Letter to-day.

D.M. 5/4

Submitted with 2 drafts, one to the members of the Select Committee about the date of the meeting & the other to the Secy & Treasurer of John Darbys & Sons' Committee about the date of the hearing of their deputation

For order if the notice should also be sent to Mr Shankaranarayanachar who has ceased to be the Govt Advocate. He will however continue to be a member of the Leg Council until he resigns

36 5/4

5/4

Draft notice to be issued to-day Draft letter to the Secy, Mining Bd is submitted for appl

Chiefsecy

D.M. 5/4

NOTE—Contn. sheet

G. R. S. III-2]

General and Revenue Secretariat. | File No. | of 191

Serial No.

Subd

Since the report of the Sel: Com: cannot be taken into Consideration unless copies of the reports have been circulated to the members, at least 15 clear days beforehand, (under R. 46), action has to be taken for the meeting of the S. C. and the publication of their reports by the 24th April 1920, & the next meeting of the L. C. is intended to be held on the 1) 14th May (Monday) which seems to be a convenient date.

Since the Govts have expressed their willingness to hear the deputation of the Mining Bd., it seems to be desirable to have the S. C. meeting after the deputation so that their representation may, if necessary, be placed before the S. C. for Consid^n

If this suggestion is accepted the deputation may perhaps be heard as early as possible, provided there is no other objection.

D. M. 6/4

Correct.

have to allow 15 clear days before the meeting of L. C. (R. 5) to give any opportunity to move resolns D. M.

NOTE—Contn. sheet.

— Memorandum with enclosure

Dear Mr Raghavachari

The Asst Secy (Legal) interviewed Colonel Ite (a) result of the interview of the Mining Board in regard to the Income Tax Bill (so far as legislation is concerned)

Yours sincerely
Ambedkar

22/4

(a) Not known to me if necessary I can from the a/s may ask the Asst Secy in person

V.N. Aiyangar
22-4-20.

G. R. S. 11-4

General and Revenue Secretariat. | File No. | of 191

Serial No.

The Select Committee met on Saturday the 17th & Tuesday the 20th. Subd. with a draft Report

Please put up a clean Draft (typed).
Ascertain & let Hd Clerk know about the result of the deputation of the Minr Bd so far as Civil works is concerned

D. M. 22/4

Resubd with the typed draft.

For the reqd num the 2nd sect, Mess see slip attached

Apr 23/4

Subd with the Draft S.C. report for favour of approval
For facility of reference the B.S. Act of 1920 is flagged as S & that of 1920 as T.
Mno file is also put up.

D. M. 23/4

III Member

Put up after Draft slightly revised & adopted

23/4

To-day please

D. M.

Resubd. with fair draft 24/4

24/4 Apr 24/4

NOTE—Contn. sheet.

G. R S. III-2]

General and Revenue Secretariat. | File No. | of 191

Serial No.

Send with clean draft

As regards the recommendn in respect of S. 8, it is perhaps desirable to give a positive reason to support the recommendation.

Alteration in pencil is suggested in the margin for favour of consideration

D. M. 26/4

III Member

26/4/20

Mr. Hill

Please get copies typed as soon as possible & circulate to the Members today if possible as required to return the same in a day

D. M. 26/4

NOTE—Contn. sheet.

G. R S. III-2]

General and Revenue Secretariat. File No. of 191

Serial No.

Under R. 46, Copies of the report of the Sub-Committee of the Bill as amended have to be sent to each of the members at least 15 clear days before hand.—

The date of the next L. C. meeting is 19-5-20

There are 3 Sundays & 3 partial holidays in the month as noted in the margin.

Of these 6 days are to be excluded, the last day for issuing the Copies of the report will be 28th inst before which the report should have to be approved & issued.

In the computation of "clear days" it is noted in R. 1 that partial holidays should also be excluded, and it is learnt that it is not usual to do so

The first point for orders is whether partial holidays may not be included in the computation of time as above, then the last day for issuing the report of the Bill will be the 1st May 1920.

The next point for consideration is

Sundays
2-5-20
9-5-20
16-5-20

Partial holidays
3-5-20
4-5-20
13-5-20

NOTE—Contn. sheet.

Serial No.

whether special messengers may be sent to Mysore (Mr. M. C. Rango Iyengar, Shimoga (Mr. Basalinga who lives at Hanasvady - 5 miles f. Shimoga Tumkur (Mr. H. Venkatavaraiah), and Yercaud (Mr. Chandy) to get the approval of the members of the S.C. report, which will be aimed to-day.

Any alternative proposal - to send the report by post & how to these members to intimate their appln by wire.

Submitted for orders

D. M.
26/4

III Member

The latter proposal may be adopted

26/4.

Please take action accordingly

D. M.
26/4

Telegrams to the gentlemen referred to are submitted for approval.

Asst
26/4

D. M.
26/4

Issued 26/4/34.

NOTE—Contn. sheet

Serial No.

Submd.

Replies from the following members expressing of the report have been received:

Mrs. M. V. Krishna Rao

Mr. C. S. Balasundaram &c

(Subject to a minute of dissent)

Mr. K. P. Puttanna chetty

Mr. Shama Rao

Mr. M. C. Ranga Iyengar

Mr. V. Venkataramaiya

Mr. B. Abdur Rahman

A reminder has been sent to Mr. Subbiah & Mr. K. S. Basavappa

replies are also due from Mrs. Chandy & ~~Basavappa~~

Submitting a draft notfn publishing the report + a D.O to Mr. Ramachandra Mudaliar

28/4. Draft approved by Asst Sy

Issued 5.50 pm 28-4-26

LC

G. R S. III-2]

General and Revenue Secretariat. File No. of 191

Serial No.

Noted.

Spare copies of the Report were received yesterday & copies were posted to the members yesterday.

The approval of Mr. Subbiah has not been received. Mr. Chandy's message intimating of his approval was only received today. Hence their names were struck off in the copies of Report.

Mr. C. S. Doraswamy has suggested certain alteration of a purely verbal nature. His letter was received too late for taking any action since the Report had already been sent to press with printorders.

Submitted for orders.

29/4.

Please send another Reminder to Mr. Subbiah as ours with a cyclostyled copy

Draft submitted. D.M. 29/4

29/4. Please despatch at once D.M. 29/4

Reply since received 29/4

NOTE—Contn. sheet.

Serial No.

Submitted

— Hon. M. C. Ranga Iyengar has given notice of certain amendments to the Bill. They have been included in the agenda.

The amendment to Cl. 8(v), 17(2) & Cl 19 ~~have~~ ~~are the~~ have already been proposed by the Select Committee

Submitted for orders. A copy 1/5 of the Bill with the amendments made by the Select Committee & those suggested by Hon M. C. Rangiengar is put up.

Add 1/8

Amendment of clause 17(3) — It is not known what Hon. Ranga Iyengar's object is in restricting the operation of the Regn. to 3 years. It is perhaps intended that the necessity for the legislation may further be examined at the end of that period. It is a point for consideration whether such a provision is necessary, in view of the fact that the financial necessity has once for all been established

NOTE—Contn. sheet.

Serial No.

Amendment 9(1)(a) :— This proposal was considered by the Select-committee as unnecessary & leading to complications for Revenue Officers. Such income in some places may still be exempted by the proposed amendment.

cl. 2(1)(a)(iv) — It is intended to exempt only farm houses which are generally situated only in the immediate vicinity of the land.

2(4) — The Chief Revenue Authority may probably be the Govt. in which there is no objection in inserting the words proposed by the mover.

3 (1) :— The proviso to S.) provides for such exemption as is proposed by the mover.

cl. 4 :— The object of this clause is to exempt agrl. income & also to exclude it from calculation even for the purpose of fixing a higher rate of tax that is to be fixed if it had been taken into accou

NOTE—Contn. sheet.

G. R. S. III-2

General and Revenue Secretariat.	File No.	of 191 . .

Serial No.

Mr. Venkataramaiah has also given notice of amendment. Please note that also. I do not think there was some discussion on that very amendment at the S. C. meeting after which he seems to have withdrawn it. The portion of the discussion may also be looked up. P. M.
4/5/20

Levy 5/5

NOTE—Contn. sheet.

P.T.O

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Subd.

Mr. H. Venkatarāmaya has given notice of an amendment to the Income tax Bill as in the copy put up. It is for orders if it may be included in the agenda.

It is not clear how the amendment can come under S. 15. It may perhaps be brought under S. 12.

Rs 3000/- seems evidently a mistake for Rs 30/- an allowance to be made for a year.

In SS. 10 (2) & 11 (2) it is provided that no allowances shall be made for the personal expenses of the assessee. It is for consideration

N.B. –Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

On the [illegible] on [illegible] on
behalf of [illegible] children
who [illegible] of that nature

As will be seen from
his in Madras Mail of 15-4-20
the Recommendations of the ~~Income~~
Reforms [illegible] the Royal
Commission on Income tax
Bombay rebates &
allowances seem to
have been recommended
by the Commission.
In the absence of the
Report itself nothing
definite known about
the details of the recommendation
Sinha for orders.

Please pick up
4/5 the English Act (a text)
which was read by the
Lieutenant the Secretary

N.B. Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Serial No.

Bound with the English Act of 1918
The portions of discussions relating to Mr. Venkatarangaiah's interpolation is also pasted up. (vide pages 10, 11, 18 & 19 of the typed copy pasted up.)

6/5/5

The Select committee report, the Bill and the amendments to the Bill were considered in the Council on the 19th May. A copy of the Bill ~~incorporating~~ as finally amended is put up.

It is for orders if the sanction of the Govt. of India has to be obtained before passing the Bill into law. The Bill does not seem to come within the provision of Art. 18 of the Treaty. But the Hon'ble the Resident has in his letter of 19-3-19 asked for copies of the Bill as finally passed in Council for transmission to Govt. of India. It is for Govt. known

H. U

NOTE—Contn. sheet.

Serial No.

if it is at this stage that the copies have to be sent. The changes made in the Select Committee are mostly those made in the Govt. of India Dec 1918 subsequently in 1919 & 1920. The amendments accepted in Council do not materially alter the Bill

Submd for orders. The Bill has to be passed at the June meeting

20/5

20/5

Mysore put up draft to the Residency

D.M. 21/5

Draft submd.

21/5

The sanction of the Govt of India does not seem to be necessary to pass the Bill into law. It does not seem to come within the purview of Art: 18 of the Mysore Treaty, 1913.

Draft letter to the Residency to however put up, forwarding two copies of the Bill & intimating that it will be formally passed at the next meeting

NOTE—Contn. sheet.

Serial No.

of the L. C. on the 14th June 1920.
Submitted for orders.
D. M.
21/5.

Chief Secy
This bill does not come under art 18 of the Treaty as it does not affect any pre-Rendition legislation.
The terms of the Resn letter of 19/3/1919 do not seem to require any submission for approval, but only ask for copy of the bill as finally passed by Council.

3rd Member
Dewan
Chief Secy. 24/5
22/5
D. M. 21/5.
D. M. 15.

Chief Secy
27.5.20
No Suptg Arch. Mahe to examine this Bill and see if any steps are required

D. M. 28/5.

~~The copy examined by me.~~
Supt

P. T. O

JE W

DEWAN'S OFFICE
RECD on MAY 24 1920
Regn. No. 7846

6600
21-5-20

NOTE—Contn. sheet.

G. R. S. III-2)

46

General and Revenue Secretariat.

File No. 50 of 191

Serial No.

Clean draft submitted

Sec 15/6

Chief Secy

Dy. 15/6

3rd member)

7051 / 15.6.20

D.F.N. approved & signed 15/6.

15/6.

Submitted circn. D.S.O.

Dy. 15/6.

DEWAN'S OFFICE.
Recd. on JUN 15 1920
Reg. No. 8188

Chief Secy.

Dewan

15/6

NOTE—Contn. sheet.

47

Submitted to His Highness.

I submit herewith a Final Note by the Third *Member of Council on the subject of* promulgating the Mysore Income Tax Bill into Law,

for His Highness' gracious approval.

Dewan.

16th June 1920

49

Record of Cases submitted for the Orders of His Highness the Maharaja

Subject.

Promulgation of the Mysore Income Tax Bill into law.

1102.

Order.

~~KRMV~~

17/6/20

CL. Ly

18.6.20

Ans Hdcy 19-6-20

Please issue at once today as a Gazette Extraordinary

CSJ

19/6/20

Draft please by 2 p.m. 19/6/20

General and Revenue Secretariat. File No. of 191

Serial No.	
	Draft G.O promulgating subd. Copy of the Income Tax Bill as revised has been sent to the Press yesterday for a proof being sent before it is lodged. Am 1916 I shall also please D. M. 19/6
	No 3-7-163 dt 19-6-20
	To the Compiler, Leg. S. Gazette Publishes the Income tax Rules as Regn VI of 1920

NOTE—Contn. sheet.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Draft D.O to the Supt. Govt. Printing is submitted as per order re corrections in the Incometax Regr.

SG 21/6. Issues as revised

D.M. 21/6

Draft Correction notice is submitted

SG 21/6

Issued 27873/Regr

21-6-20

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

Submd: copies of Accom Dept Regn. with Rules thereunder have been received & the Regy. have asked for 32 copies of the same. Draft forwarding the same is submd.

Do the Despatch Branch of the Registration Dept. is also submd

30/6 It is usual to send only copies of the Regulation not of the Rules: Since in the present instance the Rules are also bound with the Regulation, copies of both are proposed to be sent.

30/6 Please do the needful.

30/6

Issued No. G. 68 dt 2-7-20.

" No. Pol. 2 dt 1-7-20.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

MYSORE ECONOMIC CONFERENCE.

No. 114 Encs.
E. C.

Dated Bangalore, 22nd July 1913.

DIARY No. 618

1913-1914
SECTION C. Sec
FILE No. 694/13
ITEM No. 15.

FROM

C. S. BALASUNDARAM IYER, ESQ., B.A.,
Secretary to the Mysore Economic Conference,
Bangalore.

DIARY No.....

19 ... TO
SECTION
FILE No.
ITEM No.

C.S.Balasundaram Iyer, Esq., B.A.,
Secretary to the Government of His Highness the Maharaja of Mysore, Departments of Education, Agriculture, Industries and Commerce, Bangalore.

SIR,

In accordance with sub para 5 of Government Order No. G. 4058-109/G.M.55-12-109, dated 25th January 1913, I am directed to submit herewith for the consideration of Government and for such action as they may be pleased to take, the following resolutions relating to the levy of an Income-tax and the consideration of the question of levying an export duty on certain articles such as hides, skins, leather, etc:--

I. (1) That it is desirable to impose an Income Tax on lines similar to those obtaining in British India with such modifications as local conditions may require.

(2) That the taxable minimum be fixed at Rs. 1,000 per annum; for all incomes between Rs 1,000 and Rs 2,000, an abatement of Rs 500 be allowed, the income tax being levied at the rate of four pies a rupee; on all incomes between Rs 2,000 and Rs 3,000, no abatement need be allowed and the tax may be levied at the rate of four pies a rupee; and for all incomes of Rs 3,000 and above per annum, no abatement be allowed, the income tax being levied at the rate of five pies a rupee.

(3) That the revenues from the Income Tax be set apart for the expansion and improvement of Primary Education. (26 in favour, none against---Carried.)

GPB—1,000—1-4-13

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Order No. H 3218-9 Dated, Bangalore, the 6th Jany. 1919.

7

Government direct that a Committee be formed consisting of the Financial Secretary, Mr.K.S.Chandrasekhara Iyer, Acting Chief Judge, and Mr.C.S.Doraswami Iyer, Judge, Chief Court, for the purpose of examining all questions connected with the levy of income-tax in Mysore which it may be necessary to discuss with the representatives of Government of India.

2. A deputation consisting of the Financial Secretary and one of the other two officers will proceed to Delhi to discuss the matter with that Government at a conference to be held shortly after the 26th January 1919.

6.1

6.1.19.

Financial Secretary.

To

K.S.Chandrasekhara Iyer, Esq.

C.S.Doraswami Iyer, Esq.

G.R.S. VI-71]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

( )

the *191* .

Date of issue 5 February

Signed by W K Budaan

Section

File No.

Serial No.

Proceedings of the Government of His Highness the Maharaja of Mysore.

Read.—

May this be

i Printed ?

ii treated as a standing order ?

iii published in the Gazette English part ?

iv translated ?

v placed at th e disposal of the press ?

vi published in the Gazette Kannada part ?

Order Thereon:— No. H 3821-2
5 Feby/19
In continuation of
G.O. No. 3329-31 H 3918-4 &
18th Jan. 1919, the
Comptroller is informed

over.

THE MYSORE INCOME-TAX BILL.

Whereas it is expedient to impose a tax on income derived from sources other than Agriculture; His Highness the Maharaja is pleased to enact as follows:—

Short title, extent and commencement.

1. (1) This Regulation may be called the Mysore Income-tax Regulation.

(2) It extends to the whole of Mysore; and

(3) It shall come into force on the first day of July 1919.

Definitions.

2. In this Regulation, unless there is anything repugnant in the subject or context,—

(1) "Agricultural income" means—

(*a*) Any rent or revenue derived from land which is used for Agricultural purposes, and is either assessed to land-revenue or subject to a local rate assessed and collected by officers of Government as such;

(*b*) Any income derived from—

(*i*) agriculture, or

(*ii*) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(*iii*) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, when he does not keep a shop or stall for the sale of such produce, or

(*iv*) any building owned and occupied by the receiver of the rent or revenue of any such land as is referred to in clause (*a*), or occupied by the cultivator, or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any operation mentioned in sub-clauses (*ii*) and (*iii*) is carried on;

Provided that the building is on or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue, or the cultivator or the receiver of the rent-in-kind, by reason of his connection with the land, requires as a dwelling-house, or as a store-house, or other out-building;

(2) "Assessee" means a person by whom income-tax is payable, and includes a firm and a Hindu undivided family;

(3) "Business" includes any trade, commerce, or manufacture or any adventure or concern in the nature of trade, commerce or manufacture;

(4) "Chief Revenue-authority" means such authority as Government may declare to be the Chief Revenue-authority for the purposes of this Regulation;

(5) "Collector" includes any officer whom the Government may appoint to exercise or perform all or any of the powers or duties conferred by this Regulation on a Collector, and means in relation to any assessee carrying on business, the Collector of the place where the principal place of business of such assessee is situate, and in relation to any other assessee the Collector of the place where such assessee resides;

(6) "Commissioner" includes any officer whom the Government may appoint to exercise or perform all or any of the powers or duties conferred by this Regulation on a Commissioner;

(7) "Company" means a company as defined in the Mysore Companies Regulation, 1917, and includes any foreign association carrying on business in Mysore whether incorporated or not, and whether its principal place of business is situate in Mysore or not, which the Government may, by general or special order, declare to be a company for the purposes of this Regulation;

(8) "Local authority" includes any person legally entitled to the control or management of any municipal or local fund;

(9) "Magistrate" means a Magistrate of the first class, or a Magistrate of the second class specially empowered by Government to try offences against this Regulation;

(10) "Prescribed" means prescribed by rules made under this Regulation;

(11) "Previous year" means the twelve months ending on the 30th day of June next preceding the year for which the assessment is to be made, or, if the accounts of the assessee have been made up within the said twelve months in respect of a year ending on any

date other than the said 30th day of June, then at the option of the assessee the year ending on the day on which his accounts have so been made up;

Provided that, if this option has once been exercised by the assessee, it shall not again be exercised so as to vary the meaning of the expression "previous year" as then applicable to such assessee, except with the consent of the Collector and upon such conditions as he may think fit;

(12) "Principal Officer" used with reference to a local authority or a company, or any other public body or association not being a local authority or company, means;

(*a*) the secretary, treasurer, manager or agent of the authority, company, body or association, or

(*b*) any person connected with the authority, company, body or association upon whom the Collector has served a notice of his intention of treating him as the principal officer thereof, and

(13) "Total income" means total income from all sources to which this Regulation applies.

CHAPTER I.

Taxable Income.

Application of Regulation.

3. (1) Save as hereinafter provided, this Regulation shall apply to all income from whatever source it is derived, if it accrues or arises or is received in Mysore or is, under the provisions of this Regulation, deemed to accrue or arise or to be received in Mysore.

(2) This Regulation shall not apply to the following classes of income:—

(*i*) Any income derived from property held under trust or other legal obligation wholly for religious or charitable purposes, and in the case of property so held in part only for such purposes, the income applied, or finally set apart for application, thereto.

(*ii*) Any income of a religious or charitable institution derived from voluntary contributions and applicable solely to religious or charitable purposes.

(*iii*) The income of local authorities.

(*iv*) Interest on securities which are held by, or are the property of, any Provident Fund to which the Provident Funds Regulation of 1916 applies.

(*v*) Any capital sum received in commutation of the whole or a portion of a pension, or in the nature of consolidated compensation for death or injuries, or in payment of any insurance policy, or as the accumulated balance at the credit of a subscriber to any such Provident Fund.

(*vi*) Any special allowance, benefit or perquisite specifically granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit.

(*vii*) Legacies.

(*viii*) Any receipts not being receipts arising from business or the exercise of a profession, vocation, or occupation, which are of a casual and non-recurring nature, or are not by way of addition to the remuneration of an employee.

(*ix*) Any perquisite or benefit which is neither money nor reasonably capable of being converted into money.

(*x*) Interest received on any security of the Government of India.

In this sub-section "charitable purpose" includes relief of the poor, education, medical relief, and the advancement of any other object of general public utility.

Agricultural income.

4. Agricultural income shall not be chargeable to income-tax; nor shall it be taken into consideration in calculating the amount of income according to which the rate of tax is to be fixed.

Classes of income chargeable to income-tax.

5. Save as otherwise provided by this Regulation the following classes of income shall be chargeable to income-tax in the manner hereinafter appearing, namely—

(*i*) Salaries.

(*ii*) Interest on securities.

(*iii*) Income derived from house property.

(*iv*) Income derived from business.

(*v*) Professional earnings.

(*vi*) Income derived from other sources.

Salaries.

6. (1) The tax shall be payable by an assessee under the head "Salaries" in respect of any salary or wages, any annuity, pension or gratuity, and any fees, commissions, perquisites or profits received by him

in lieu of, or in addition to, any salary or wages, which are paid by or on behalf of Government, a local authority, a company, or any other public body or association not being a local authority or company, or by or on behalf of any private employer where such employer has entered into an agreement with the Collector in accordance with the prescribed conditions to recover the tax on behalf of Government, provided that the tax shall not be payable in respect of:—

(*i*) any salary not exceeding five hundred rupees per mensem received by any member of the Mysore Military Forces as the pay of an appointment which is ordinarily reserved exclusively for members of those Forces; or

(*ii*) any sum deducted under the authority of Government from the salary of any individual for the purpose of securing to him a deferred annuity or of making provision for his wife or children, provided that the sum so deducted shall not exceed one-sixth of the salary.

(2) Any income which would be chargeable under this head if paid in Mysore shall be deemed to be so chargeable if paid to a Mysore subject or any employee of the Government of Mysore in any part of India by Government or by a local authority established by Government.

Interest on securities.

7. The tax shall be payable by an assessee under the head "Interest on securities" in respect of the interest receivable by him on any security of the Government of His Highness the Maharaja, or on debentures or ther securities for money issued by or on behalf of a local authority or a company;

Provided that no tax shall be payable on the interest receivable on any security of the Government of His Highness the Maharaja, issued or declared to be income-tax free.

Income derived from house property.

8. The tax shall be payable by an assessee under the head "Income derived from house property" in respect of the *bona fide* annual value of any house property of which he is the owner, subject to the following allowances, namely:—

(*i*) where the property is in the occupation of the owner, or where it is let to a tenant and the owner has undertaken to bear the cost of repairs, a sum equal to one-sixth of such value;

(*ii*) where the property is in the occupation of a tenant who has undertaken to bear the cost of repairs, the difference between such value and the rent paid by the tenant up to but not exceeding one-sixth of such value;

(*iii*) the amount of any annual premium paid to insure the property against risk of damage or destruction;

(*iv*) where the property is subject to a mortgage or charge or to a ground rent, the amount of any interest on such mortgage or charge or of any such ground-rent;

(*v*) any sums paid on account of land revenue in respect of the property;

(*vi*) in respect of collection charges, a sum not exceeding the prescribed maximum;

(*vii*) in respect of vacancies, such sum as the Collector may determine having regard to the circumstances of the case.

For the purposes of this section and section 9, the expression "annual value" shall be deemed to mean the sum for which the property might reasonably be expected to let from year to year;

Provided that, where house property is in the occupation of the owner, such sum shall, for the purposes of this section, be deemed not to exceed ten per cent of the aggregate income of the owner.

Income derived from business.

9. (1) The tax shall be payable by an assessee under the head "Income derived from business" in respect of the profits of any business carried on by him.

(2) Such profits shall be computed after making the following allowances, in respect of sums paid, or, in the case of depreciation, debited, namely:—

(*i*) any rent paid for the premises in which such business is carried on, or where the premises are owned by the assessee the *bona fide* annual value thereof, provided that when any substantial part of the premises is used as a dwelling-house by the assessee, the allowance under this clause shall be such sum as the Collector may determine having regard to the proportional part so used;

(*ii*) in respect of repairs, where the assessee is the tenant only of the premises, and has undertaken to bear the cost of such repairs, the amount actually expended thereon provided that if any substantial part of the premises is used by the assessee as a dwelling-house, a proportional part only of such amount shall be allowed;

(*iii*) in respect of capital borrowed for the purposes of the business, where the payment of interest thereon is not in any way dependent on the earning of profits, the amount of the interest paid;

(*iv*) respect of insurance against risk of damage or destruction of buildings, machinery or plant, used for the purposes of the business, the amount of any premium paid;

(*v*) respect of current repairs to buildings, machinery or plant, the amount actually expended thereon;

(*vi*) in respect of depreciation of such buildings, machinery or plant being the property of the assessee, a sum not exceeding a percentage on the original cost thereof to the assessee to be fixed, subject to the approval of Government for different classes of buildings, machinery or plant having regard to the estimated life thereof, in determining which it shall be assumed that current repairs are executed from time to time;

Provided that—

(*a*) no such allowance shall be made unless the amount claimed has actually been debited in the ordinary accounts of the business for the previous year, and the prescribed particulars have been duly furnished;

when in any year the full allowance admissible has not been claimed, the balance may be added to the allowance made for the following year or years;

the aggregate of the allowances made under this sub-head shall, in no case, exceed the original cost to the assessee of the buildings, machinery or plant, as the case may be;

(*vii*) in respect of any machinery or plant which has been sold or discarded as obsolete, the difference between the original cost to the assessee of the machinery or plant as reduced by the aggregate of the allowances made in respect of depreciation under clause (*vi*), and the amount for which the machinery of plant is actually sold, or its scrap value;

(*viii*) any sums paid on account of land revenue, local rates or municipal taxes in respect of the premises;

(*ix*) in respect of any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of earning such profits.

8. In computing the profits of a business which has its head-quarters in Mysore but has branches also in British India, or which is carried on partly in Mysore and partly in British India, a deduction shall be allowed of the amount of profits appearing to the assessing officer to be due to the transactions carried on in British India.

Professional earnings.

9. (1) The tax shall be payable by an assessee under the head "Professional earnings" in respect of the profits of any profession, or vocation, followed by him.

(2) Such profits shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purposes of such profession or vocation, provided that no allowance shall be made on account of any personal expenses of the assessee.

(3) Professional fees paid in any part of India to a person ordinarily resident in Mysore shall be deemed to be income chargeable under this head.

Income derived from other sources.

10. (1) The tax shall be payable by an assessee under the head "Income derived from other sources" in respect of income and profits of every kind and from every source to which this Regulation applies (if not included under any of the preceding heads) with the exception of agricultural income

(2) Such income and profits shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of making such income or earning such profits, provided that no allowance shall be made on account of any personal expenses of the assessee.

Exclusion of a general nature.

12. (1) In computing the amount of the income chargeable to income-tax in the case of an assessee under any of the foregoing heads, no account shall be taken of any income which the assessee enjoys as a member of a company or of a firm or of an undivided Hindu family where the company, the firm or the family is liable to the tax.

(2) There shall also be excluded from the computation any sum paid by the assessee to effect an insurance on his own life, or on the life of his wife, or in respect of a contract for a deferred annuity on his own life or on the life of his wife, or as a contribution to any provident fund to which the Provident Funds Regulation, 1916, applies;

Provided that the aggregate of any sums so excluded shall not, after taking into account any exemptions allowed in respect of like provision under the head "Salaries," exceed one-sixth of the income of the assessee which would, apart from such exclusion and exemption, be chargeable to income-tax.

Treatment of exemptions and exclusions in determining total income

13. In computing the total income of an assessee for the purposes of Schedule I, salaries and deductions exempted under the proviso to section 6 (1), income mentioned in section 12 (1), and sums excluded under section 12 (2), shall be taken into account.

Taxable income and levy of tax thereon.

14. (1) The aggregate amount of an assessee's income chargeable under each of the heads mentioned in sections 6 to 11 shall be the taxable income of the assessee.

(2) Subject to the conditions hereinbefore set out, there shall be levied in respect of the year beginning with the first day of July and in respect of each subsequent year, by collection in that year and subsequent adjustment as hereinafter provided income-tax upon every assessee in respect of his taxable income in that year at the rate specified in Schedule I;

Provided that, where the assessee is a company or a firm constituted under a registered instrument of partnership specifying the individual shares of the partners and the taxable income of such company or firm is not less than two thousand four hundred rupees per annum, income-tax shall be levied at the maximum rate specified in Schedule I.

CHAPTER II.

Deductions and assessment.

Payment.

15. (1) Income-tax shall, unless otherwise prescribed in the case of any security of the Government of His Highness the Maharaja of Mysore, be deducted at the time of payment in respect of income chargeable under the following heads:—

(*i*) "Salaries": and

(*ii*) "Interest on securities."

(2) An employer or other person responsible for paying any income chargeable under the head "Salaries" shall, at the time of payment, deduct income-tax on the amount payable at the rate specified in Schedule I in respect of such amount, provided that, if the payment is a recurring one and in respect of any period less than a year, the rate shall be determined with reference to the amount which would be proportionately payable in a year. The deduction so made shall be treated as a payment of income-tax on behalf of the person from whose earnings the deduction was made, and credit shall be given to him therefor in the next adjustment under section 19.

(3) The person responsible for paying any income chargeable under the head "Interest on securities" shall, at the time of payment, deduct income-tax on the amount of the interest payable at the maximum rate specified in Schedule I. The deduction so made shall be treated as payment of income-tax on behalf of the owner of the security, and credit shall be given to him therefor in the next adjustment under section 19;

Provided that, if the owner of the security obtains a refund of any portion of the tax so deducted in accordance with the provisions of this Regulation no credit shall be given for the amount of such refund.

(4) All sums deducted in accordance with the provisions of sub-section (2) or (3) shall be paid within the prescribed time by the person making the deduction to the credit of Government or as the Government directs.

(5) If any such person does not deduct and pay the tax as required by this section, he shall, without prejudice to any other consequences which he may incur be deemed to be personally in default in respect of the tax.

(6) The power to deduct under this section shall be without prejudice to any other mode of recovery.

(7) In the case of income chargeable under any other head than those abovementioned, the tax shall be payable by the assessee direct, and shall be the amount assessed under this Regulation subject to such adjustment as aforesaid.

Annual return.

16. The prescribed person in the case of every Government office, and the principal officer of every local authority, and of every company, and of every other public body or association not being a local authority or company, and every private employer who has agreed to recover income-tax on behalf of Government shall prepare, and within fifteen days from the 30th day of June in each year, deliver or cause to be delivered to the Collector, in the prescribed form a return in writing showing:—

(*a*) the name and, so far as it is known, the address of every person who was receiving on the said 30th day of June, or has received during the year ending on that date, from the authority, company, body, association or private employer, as the case may be, any income chargeable under the head "Salaries" of such amount as may be prescribed not being less than one thousand four hundred and forty rupees per annum;

(*b*) the amount of the income so received by each such person, and the time or times at which the same was paid;

(*c*) the amount deducted in respect of income-tax from each such person.

Return by assessees

17. (1) The principal officer of every company shall prepare, and, on or before the fifteenth day of September in each year, deliver or cause to be delivered to the Collector a return in the prescribed form and verified in the prescribed manner of the total income of the company during the previous year;

Provided that the Collector may, in his discretion, extend the date for the delivery of the return in the case of any company or class of companies.

(2) In the case of any person other than a company whose taxable income is, in the Collector's opinion, not less than nine thousand rupees, the Collector shall serve a notice upon him requiring him to furnish, within such period as may be specified in the notice, a return in the prescribed form and verified in the prescribed manner setting forth (along with such other particulars as may be provided for in the notice) his total income during the previous year.

(3) In the case of any person other than a company whose taxable income is, in the Collector's opinion, not less than two thousand four hundred rupees, but less than nine thousand rupees, the Collector may, if he thinks fit, serve upon him a notice in accordance with the provisions of sub-section (2), but, if he does not do so, shall proceed in the manner hereinafter provided in Chapter III for the summary assessment of such incomes.

Assessment.

8. (1) If the Collector is satisfied that a return made under section 17 is correct and complete, he shall assess the sum payable by the assessee for the year in which the return is made on the basis of such return.

(2) If the Collector has reason to believe that a return made under section 17 is incorrect or incomplete, he shall serve on the person who made the return a notice requiring him, on a date to be therein mentioned, either to attend at the Collector's office and produce, or to cause to be there produced for the inspection of the Collector, such accounts and documents as the Collector may require and any evidence on which the assessee may rely in support of the return.

(3) On the day specified in the notice, or as soon afterwards as may be, the Collector, after examining such accounts and documents, and hearing any evidence which the assessee may produce and such other evidence as the Collector may require, shall, by an order in writing, determine the total income of the assessee for the previous year, and assess the sum payable by the assessee for the year in which the return is made on the basis of such determination.

(4) If the principal officer of any company or any other person fails to make a return under section 17 (1), (2) or (3), as the case may be, or having made a return, fails to attend or fails to comply substantially with all the terms of a notice issued under section 18, sub-section (2), the Collector shall make the assessment to the best of his judgment.

(5) The sum to be assessed in every case shall be a sum calculated on the aggregate of the assessee's income in the previous year chargeable under each of the heads mentioned in sections 8 to 11 at the rate applicable to his total income in that year.

Adjustment with actual income when ascertained.

19. When the Collector has, in any year after the commencement of this Regulation for which income-tax is leviable under section 14 (2), ascertained, either from the return made by an assessee or after further inquiry, the total income actually received by or accrued to the assessee in the previous year, he shall compute the income-tax which would have been payable in respect thereof if it had been levied in such previous year with reference to the amount of the income so ascertained and the law then in force; and the difference between the sum so computed and the aggregate of the sums already paid by or on behalf of the assessee in respect of income-tax for such previous year, shall be paid by or refunded to the assessee, as the case may be:

Provided also that it shall be competent to—

(*a*) an assessee; or

(*b*) in the case of the death or insolvency of an assessee, his representative in interest; or

(*c*) with reference to any year for which income-tax is leviable under section 14 (2), the Collector;

in any year to claim an immediate adjustment to date of the sums already paid by or on behalf of an assessee in that year, upon the basis of the total income actually received by or accrued to him in that year; and upon such claim being made, all the provisions of this chapter shall apply, so far as may be necessary, for the determination of the proper sum to be paid by or refunded to the assessee or his representative in interest in respect of income-tax down to the date of such determination, and the same shall be paid or refunded accordingly.

Notice of demand.

20. When the Collector has determined a sum to be payable by an assessee under either section 18 or section 19, he shall serve on the assessee a notice of demand in the prescribed form specifying the sum so payable.

Petition against assessment under this Regulation.

21. (1) Any assessee objecting to the amount or rate at which he is assessed under section 18 or to an adjustment made under section 19, or denying his liability to be assessed under this Regulation may, unless he or, in the case of a company, the principal officer thereof, has knowingly and willfully failed to make a return under section 17, or substantially to comply with all the terms of a notice served on him under section 18, apply by petition to the Commissioner for relief against any order of the Collector in respect of such assessment or adjustment.

(2) The petition shall ordinarily be presented within thirty days of receipt of the notice of demand; but the Commissioner may receive a petition after the expiration of that period, if he is satisfied that the objector had sufficient cause for not presenting it within that period.

(3) The petition shall be in the prescribed form and verified in the prescribed manner.

Hearing of petition.

22. The Commissioner shall fix a day and place for the hearing of the petition, and on the day and at the place so fixed, or on the day and at the place, if any, to which he has adjourned the hearing, shall hear the petition and pass such order thereon, whether by way of confirmation, reduction, enhancement or cancellation of the assessment, or adjustment or otherwise and fixing such time for payment, as he thinks fit.

Power of review.

23. The Chief Revenue-authority may, of its own motion, call for the record of any assessment proceeding which has been taken by any officer subordinate to it, and make such inquiry and pass such orders thereon as it thinks fit ;

Provided that it shall not pass any order enhancing the sum payable by an assessee without hearing him or giving him a reasonable opportunity of being heard either in person or by pleader.

Penal assessment.

24. If the Collector or the Commissioner in making any assessment or adjustment under this chapter is satisfied that the assessee has concealed the particulars of his income, or has deliberately furnished inaccurate particulars of such income, and has thereby returned it below its real amount, the Collector or the Commissioner may direct that the assessee shall pay, on the difference between his income as finally ascertained and the amount originally returned by him, income-tax at a rate not exceeding double the rate which would otherwise have been payable;

Provided that no such order shall be made, unless the assessee has been heard, or has been given a reasonable opportunity of being heard;

Provided further that no prosecution for an offence against this Regulation shall be instituted in respect of the same facts on which a penal assessment is made under this section

Income escaping assessment assessable in following year.

25. If for any reason income chargeable under this Regulation has escaped assessment in any year, or has been assessed at too low a rate, the Collector may, at any time in the year next following, assess or re-assess such income, and all the provisions of this Regulation shall apply accordingly.

Rectification of mistake.

26. The Collector may, at any time within one year from the date of any demand made upon an assessee, rectify any mistake in connection therewith which has been brought to his notice by such assessee, and make a refund to such assessee in respect thereof.

Power to take evidence on oath, etc.

27. The Collector or Commissioner shall, for the purposes of any inquiry under this chapter, have the same powers as are vested in a Court under the Code of Civil Procedure, 1911, when trying a suit in respect of the following matters :—

(*a*) enforcing the attendance of any person and examining him on oath or affirmation;

(*b*) compelling the production of documents; and

(*c*) issuing commissions for the examination of witness;

and any proceeding before a Collector or Commissioner under this chapter shall be deemed to be a "judicial proceeding" within the meaning of sections 193 and 228 of the Indian Penal Code.

Power to call for information.

28. The Collector or Commissioner may, for the purposes of this Regulation,

(1) require any person to furnish a return, in the prescribed form, containing, to the best of his belief, the name and address of every person employed in his service who is receiving in virtue of such employment any income not chargeable

under the head "Salaries," of such amount as may be prescribed, not being less than one thousand four hundred and forty rupees per annum;

(2) require any firm or Hindu undivided family to furnish him with a return of the partners in the firm, or the adult male members of the family, as the case may be, and of their addresses;

(3) require any person whom he has reason to believe to be a trustee, guardian, or agent to furnish him with a return of the names of the persons for or of whom he is trustee, guardian, or agent, and of their addresses.

Power to inspect the register of members of any company.

29. The Collector or Commissioner, or any person authorised in writing in this behalf by the Collector or Commissioner, may inspect and, if necessary, take copies or cause copies to be taken of the register of members of any company or of any entry in such register.

CHAPTER III.

SUMMARY ASSESSMENT.

Summary assessment.

30. (1) In the case of persons whose taxable income is, in the Collector's opinion, not less than two thousand four hundred rupees, but less than nine thousand rupees, the Collector shall, save in cases in which he has served a notice under section 17 (3), make a summary assessment on the income of such persons to the best of his judgment.

(2) Notice of such summary assessment and of the amount of the tax payable thereunder and of the time and the place at which, and the person to whom, such tax is to be paid shall be given either by local publication in the prescribed manner of a list of such assessments, or in such other way as may be prescribed;

Provided that due publicity shall be given to the assessee's right to apply to the Collector in the manner provided for in the next sub-section within the prescribed period, and that reasonable notice shall be given of the place at which, and the person from whom, the assessee can obtain a form of return should he wish to submit one.

(3) Any assessee in respect of whom a summary assessment has been made under this section may, within the prescribed period, apply to the Collector for the cancellation or revision of the assessment, and the Collector shall, after examining any accounts and documents and hearing any evidence which the assessee may produce, and such other evidence as the Collector may require, determine, by order in writing, the amount of the tax, if any, payable by the assessee, and such determination shall be final;

Provided that, if the person making the application files therewith a return of his income in the prescribed form and verified in the prescribed manner, the application shall be deemed to be a return under section 17, and shall be dealt with accordingly.

CHAPTER IV.

LIABILITY IN SPECIAL CASES.

Guardians, trustees and agents.

31. In the case of any guardian, trustee or agent of any person being a minor, lunatic or idiot or residing out of Mysore (all of which persons are hereinafter in this section included in the term beneficiary) being in receipt on behalf of such beneficiary of any income chargeable under this Regulation, the tax shall be levied upon and recoverable from such guardian, trustee or agent as the case may be, in like manner and to the same amount as it would be leviable upon and recoverable from any such beneficiary if of full age, sound mind, or resident in Mysore, and in direct receipt of such income, and all the provisions of this Regulation shall apply accordingly.

Administrator-General of Madras. Receiver or Manager.

32. In the case of income chargeable under this Regulation which is received by the Administrator-General, Madras, under Regulation IV of 1910 or by any receiver or manager (including any person whatever his designation who in fact manages property on behalf of another) appointed by or under any order of a Court, the tax shall be levied upon and recoverable from such Administrator-General, receiver or manager in like manner and to the same amount as it would be leviable upon and recoverable from any person on whose behalf such income is received, and all the provisions of this Regulation shall apply accordingly.

Non-residents.

33. (1) In the case of any person residing out of Mysore, all profits or gains accruing or arising to such person, whether directly or indirectly, through or from any business connection in Mysore, shall be deemed to be income accruing or arising within Mysore, and shall be chargeable to income-tax in the

name of the agent of any such person, and such agent shall be deemed to be for all the purposes of this Regulation the assessee in respect of such income-tax;

Provided that any arrears of tax may be recovered also in accordance with the provisions of this Regulation from any assets of the non-resident person which are, or may at any time come, within Mysore.

(2) Where a person not resident in Mysore and not being a British subject or a subject of His Highness the Maharaja or a firm or company constituted within His Majesty's dominions or the Mysore State, carries on business with a person resident in Mysore, and it appears to the Collector or the Commissioner, as the case may be, that owing to the close connection between the resident and the non-resident person and to the substantial control exercised by the non-resident over the resident, the course of business between those persons is so arranged, that the business done by the resident in pursuance of his connection with the non-resident produces to the resident either no profits or less than the ordinary profits which might be expected to arise in that business, the profits derived therefrom or which may reasonably be deemed to have been derived therefrom, shall be chargeable to income-tax in the name of the resident person who shall be deemed to be, for all the purposes of this Regulation, the assessee in respect of such income-tax.

Agent to include persons treated as such.

34. Any person employed by or on behalf of a person residing out of Mysore, or having any business connection with such person, upon whom the Collector has caused a notice to be served of his intention of treating him as the agent of the non-resident person shall, for the purposes of this Regulation, be deemed to be such agent;

Provided that no person shall be deemed to be the agent of a non-resident person, unless he has had an opportunity of being heard by the Collector as to his liability.

CHAPTER V.

Recovery of tax.

Tax when payable.

35. The amount of income-tax specified as payable in a notice of demand under section 20 or an order under section 22, section 23, or section 24, or in a notice or order under section 30 shall be paid within the time, at the place and to the person mentioned in the notice or order, or if a time is not so mentioned, then on or before the first day of the second month following the date of the notice or order, and any assessee failing so to pay shall be deemed to be in default, provided that, when an assessee has presented a petition under section 21, the Collector may, in his discretion, treat the assessee as not being in default as long as such petition is undisposed of.

Mode and time of recovery.

36. (1) When an assessee is in default in making a payment of income-tax, the Collector, in his discretion, may recover from him a sum not exceeding double the amount of the tax, either as if it were an arrear of land revenue, or by any process enforceable for the recovery of an arrear of any municipal tax or local rate imposed under any enactment for the time being in force in any part of Mysore.

(2) If any assessee is in receipt of any income chargeable under the head "Salaries," the Collector may require any person paying the same to deduct from any payment subsequent to the date of such requisition any sum recoverable under sub-section (1), and such person shall comply with any such requisition and shall pay the sums so deducted to the credit of Government, or as Government directs.

(3) Government may direct by what authority any powers or duties incident under any such enactment as aforesaid to the enforcement of any process for the recovery of a municipal tax or local rate shall be exercised or performed when that process is employed under sub-section (1) for the recovery of income-tax.

(4) Government may direct, with respect to any specified area, that income-tax shall be recovered therein, with, and as an addition to, any municipal tax or local rate by the same person and in the same manner as the municipal tax or local rate is recovered.

(5) Save in accordance with the provisions of section 33 (1), no proceedings for the recovery of any sum payable under this Regulation shall be commenced after the expiration of one year from the last day of the year in which any demand is made under this Regulation.

CHAPTER VI.

Refunds to shareholders and others.

Refund to individual shareholders, partners and owners of securities.

37. If—

(*a*) a shareholder in a company who has received any dividend from the company; or

(*b*) a partner in a firm on which income-tax has been levied at the maximum rate, in accordance with the proviso to section 14, who has received a share of the profits of the firm; or

(*c*) the owner of a security from the interest on which income-tax has been deducted in accordance with the provisions of section 15;

satisfies the Collector that his total income in the previous year was less than any one, as the case may be, of the amounts specified in Schedule II, he shall be entitled to a refund of a sum calculated on such dividend, share of profits or interest at the rates specified in the same Schedule against each such amount

Limitation of claims for refund.

38. No claim to any refund under section 37 shall be allowed, unless it is made within one year from the last day of the year to which the claim relates.

CHAPTER VII.

Offences and Penalties.

Failure to make payments or deliver returns or statements or allow inspection.

39. If a person fails without reasonable cause or excuse—

(*a*) to deduct and pay any tax as required by section 15 or under section 36 (2);

(*b*) to deliver or cause to be delivered to the Collector in due time any of the returns mentioned in section 16, section 17, or section 28;

(*c*) to grant inspection or allow copies to be taken in accordance with the provisions of section 29;

(*d*) to attend or to produce, or cause to be produced, on or before the date mentioned in a notice under section 18, such accounts and documents as are referred to in the notice,

he shall, on conviction before a Magistrate, be punishable with fine which may extend to ten rupees for every day during which the default continues.

False statement in declaration.

40. If a person makes a statement in a verification mentioned in section 17 or section 21 (3) which is false, and which he either knows or believes to be false or does not believe to be true, he shall be deemed to have committed the offence described in section 177 of the Indian Penal Code.

Prosecution to be at instance of Collector.

41. (1) A person shall not be proceeded against for an offence under section 39 or section 40, except at the instance of the Collector.

(2) The Collector may stay any such proceeding or compound any such offence.

Disclosure of information by public servant.

42. All particulars contained in any statement or return made or furnished under the provisions of this Regulation shall be treated as confidential, and if a public servant discloses any particulars contained in any statement or return made or furnished under this Regulation he shall be punishable with imprisonment which may extend to six months, and shall also be liable to fine;

Provided that no prosecution shall be instituted under this section, except with the previous sanction of Government.

CHAPTER VIII.

Miscellaneous.

Power to make rules.

43. (1) The Government may make rules for carrying out the purposes of this Regulation and for the ascertainment and determination of any class of income.

(2) Without prejudice to the generality of the foregoing power, such rules may—

(*a*) When income is derived in part from agriculture and in part from business, prescribe the manner, whether with reference to a class or in particular cases, by which the taxable income shall be arrived at;

(*b*) prescribe the manner in which, and the procedure by which, the taxable income of Insurance Companies shall be arrived at;

(*c*) prescribe the manner in which, and the procedure by which the taxable income of persons not resident in Mysore, or of persons deemed to be assessees in respect thereof, shall be arrived at;

(*d*) provide for a system of composition of assessments and prescribe the conditions under which the Collector may enter into composition with assessees as to their assessment;

(*e*) prescribe the procedure to be followed on applications for refunds;

(*f*) provide for any matter which by this Regulation is to be prescribed.

(3) Rules made under this section shall be published in the *Mysore Gazette*, and shall thereupon have effect as if enacted in this Regulation.

G. R. S. VI—S-III/3]

DRAFT.

SUBJECT .....

.....

.....

Section.
File No.
Serial No.

Diary No. of letter replied to... .....

No. 469—470

OFFICIAL MEMORANDUM.

GENERAL AND REVENUE SECRETARIAT,
( )
, *the*.....*191* .

To

x x x

.....

Member, Mysore Legislative Council.

Date of issue...12-4-20

Signed by...Mr. P. Mahadevappa

A meeting of the select Committee

to consider the ~~bill~~ Mysore Income-tax bills

.....

.....

will be held in the Chambers of the Third Members of Council Public Offices Buildings, Bangalore at 8.30 p.m. on ~~the~~ Saturday the 17th April 1920

By Order,

P. S.

Secretary, Mysore Legislative Council.

x x x

1) Mr. M. V. Krishna Rao, B.A

2) Mr. C. S. Balasundaram Iyer, B.A

3) x Dewan Bahadur Mr. K. P. Puttanna chetty, C.I.E

4) Mr. M. Subbiah, B.A

5) " H. G. Basappa

6) " Dr. Chandy, B.A

7) ~~" Dr. Shantaramarayana Rao~~ M.A, B.L

8) " V. Venkataramiah, B.A., B.L

9) " B. Abdur Rahiman, B.A

10) x Rao Bahadur Mr. M. Shama Rao, M.A

11) Rao Bahadur Mr. M. Lee, Rangingar, B.A

Copy to P.A to Third mem

Copy to each section

Add.

NOTIFICATION.

No. 269—L. C., dated 1st April 1919.

Under Rule 31 of the Rules for the conduct of business of the Mysore Legislative Council, the accompanying Mysore Income Tax Bill is published for general information with the statement of objects and reasons.

By Order,
P. MAHADEVAYYA,
Secretary, Mysore Legislative Council.

THE MYSORE INCOME-TAX BILL.

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THE MYSORE INCOME-TAX BILL.

Whereas it is expedient to impose a tax on income derived from sources other than Agriculture; His Highness the Maharaja is pleased to enact as follows:—

Short title, extent, and commencement.

1. (1) This Regulation may be called the Mysore Income-tax Regulation.

(2) It extends to the whole of Mysore; and

(3) It shall come into force on the first day of July ~~1919.~~ 1920

Definitions.

2. In this Regulation, unless there is anything repugnant in the subject or context,—

(1) "Agricultural income" means—

(*a*) Any rent or revenue derived from land which is used for Agricultural purposes, and is either assessed to land-revenue or subject to a local rate assessed and collected by officers of Government as such;

(*b*) Any income derived from—

(*i*) agriculture, or

(*ii*) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(*iii*) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, when he does not keep a shop or stall for the sale of such produce, or

(*iv*) any building owned and occupied by the receiver of the rent or revenue of any such land as is referred to in clause (*a*), or occupied by the cultivator, or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any operation mentioned in sub-clauses (*ii*) and (*iii*) is carried on;

Provided that the building is on or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue, or the cultivator or the receiver of the rent-in-kind, by reason of his connection with the land, requires as a dwelling-house, or as a store-house, or other out-building;

(2) "Assessee" means a person by whom income-tax is payable, and includes a firm and a Hindu undivided family;

(3) "Business" includes any trade, commerce, or manufacture or any adventure or concern in the nature of trade, commerce or manufacture;

(4) "Chief Revenue-authority" means such authority as Government may declare to be the Chief Revenue-authority for the purposes of this Regulation;

(5) "Collector" includes any officer whom the Government may appoint to exercise or perform all or any of the powers or duties conferred by this Regulation on a Collector, and means in relation to any assessee carrying on business, the Collector of the place where the principal place of business of such assessee is situate, and in relation to any other assessee the Collector of the place where such assessee resides;

(6) "Commissioner" includes any officer whom the Government may appoint to exercise or perform all or any of the powers or duties conferred by this Regulation on a Commissioner;

(7) "Company" means a company as defined in the Mysore Companies Regulation, 1917, and includes any foreign association carrying on business in Mysore whether incorporated or not, and whether its principal place of business is situate in Mysore or not, which the Government may, by general or special order, declare to be a company for the purposes of this Regulation;

(8) "Local authority" includes any person legally entitled to the control or management of any municipal or local fund;

(9) "Magistrate" means a Magistrate of the first class, or a Magistrate of the second class specially empowered by Government to try offences against this Regulation;

(10) "Prescribed" means prescribed by rules made under this Regulation;

(11) "Previous year" means the twelve months ending on the 30th day of June next preceding the year for which the assessment is to be made, or, if the accounts of the assessee have been made up within the said twelve months in respect of a year ending on any

date other than the said 30th day of June, then at the option of the assessee the year ending on the day on which his accounts have so been made up;

Provided that, if this option has once been exercised by the assessee, it shall not again be exercised so as to vary the meaning of the expression "previous year" as then applicable to such assessee, except with the consent of the Collector and upon such conditions as he may think fit;

(12) "Principal Officer" used with reference to a local authority or a company, or any other public body or association not being a local authority or company, means;

(*a*) the secretary, treasurer, manager or agent of the authority, company, body or association, or

(*b*) any person connected with the authority, company, body or association upon whom the Collector has served a notice of his intention of treating him as the principal officer thereof, and

(13) "Total income" means total income from all sources to which this Regulation applies.

CHAPTER I.

Taxable Income.

Application of Regulation.

3. (1) Save as hereinafter provided, this Regulation shall apply to all income from whatever source it is derived, if it accrues or arises or is received in Mysore or is, under the provisions of this Regulation, deemed to accrue or arise or to be received in Mysore.

(2) This Regulation shall not apply to the following classes of income :—

(*i*) Any income derived from property held under trust or other legal obligation wholly for religious or charitable purposes, and in the case of property so held in part only for such purposes, the income applied, or finally set apart for application, thereto.

(*ii*) Any income of a religious or charitable institution derived from voluntary contributions and applicable solely to religious or charitable purposes.

(*iii*) The income of local authorities.

(*iv*) Interest on securities which are held by, or are the property of, any Provident Fund to which the Provident Funds Regulation of 1916 applies.

(*v*) Any capital sum received in commutation of the whole or a portion of a pension, or in the nature of consolidated compensation for death or injuries, or in payment of any insurance policy, or as the accumulated balance at the credit of a subscriber to any such Provident Fund.

(*vi*) Any special allowance, benefit or perquisite specifically granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit.

(*vii*) Legacies.

(*viii*) Any receipts not being receipts arising from business or the exercise of a profession, vocation, or occupation, which are of a casual and non-recurring nature, or are not by way of addition to the remuneration of an employee.

(*ix*) Any perquisite or benefit which is neither money nor reasonably capable of being converted into money.

(*x*) Interest received on any security of the Government of India.

In this sub-section "charitable purpose" includes relief of the poor, education, medical relief, and the advancement of any other object of general public utility.

Agricultural income.

4. Agricultural income shall not be chargeable to income-tax; nor shall it be taken into consideration in calculating the amount of income according to which the rate of tax is to be fixed.

Classes of income chargeable to income-tax.

5. Save as otherwise provided by this Regulation the following classes of income shall be chargeable to income-tax in the manner hereinafter appearing, namely—

(*i*) Salaries.

(*ii*) Interest on securities.

(*iii*) Income derived from house property.

(*iv*) Income derived from business.

(*v*) Professional earnings.

(*vi*) Income derived from other sources.

Salaries.

6. (1) The tax shall be payable by an assessee under the head "Salaries" in respect of any salary or wages, any annuity, pension or gratuity, and any fees, commissions, perquisites or profits received by him

in lieu of, or in addition to, any salary or wages, which are paid by or on behalf of Government, a local authority, a company, or any other public body or association not being a local authority or company, or by or on behalf of any private employer where such employer has entered into an agreement with the Collector in accordance with the prescribed conditions to recover the tax on behalf of Government, provided that the tax shall not be payable in respect of—

(i) any salary not exceeding five hundred rupees per mensem received by any member of the Mysore Military Forces as the pay of an appointment which is ordinarily reserved exclusively for members of those Forces; or

(ii) any sum deducted under the authority of Government from the salary of any individual for the purpose of securing to him a deferred annuity or of making provision for his wife or children, provided that the sum so deducted shall not exceed one-sixth of the salary.

(2) Any income which would be chargeable under this head if paid in Mysore shall be deemed to be so chargeable if paid to a Mysore subject or any employee of the Government of Mysore in any part of India by Government or by a local authority established by Government.

Interest on securities.

7. The tax shall be payable by an assessee under the head "Interest on securities" in respect of the interest receivable by him on any security of the Government of His Highness the Maharaja, or on debentures or other securities for money issued by or on behalf of a local authority or a company;

Provided that no tax shall be payable on the interest receivable on any security of the Government of His Highness the Maharaja, issued or declared to be income-tax free.

Income derived from house property.

8. The tax shall be payable by an assessee under the head "Income derived from house property" in respect of the *bona fide* annual value of any house property of which he is the owner, subject to the following allowances, namely:—

(*i*) where the property is in the occupation of the owner, or where it is let to a tenant and the owner has undertaken to bear the cost of repairs, a sum equal to one-sixth of such value;

(*ii*) where the property is in the occupation of a tenant who has undertaken to bear the cost of repairs, the difference between such value and the rent paid by the tenant up to but not exceeding one-sixth of such value;

(*iii*) the amount of any annual premium paid to insure the property against risk of damage or destruction;

(*iv*) where the property is subject to a mortgage or charge or to a ground rent, the amount of any interest on such mortgage or charge or of any such ground-rent;

(*v*) any sums paid on account of land revenue in respect of the property;

(*vi*) in respect of collection charges, a sum not exceeding the prescribed maximum;

(*vii*) in respect of vacancies, such sum as the Collector may determine having regard to the circumstances of the case.

For the purposes of this section and section 9, the expression "annual value" shall be deemed to mean the sum for which the property might reasonably be expected to let from year to year;

Provided that, where house property is in the occupation of the owner, such sum shall, for the purposes of this section, be deemed not to exceed ten per cent of the aggregate income of the owner.

Income derived from business.

9. (1) The tax shall be payable by an assessee under the head "Income derived from business" in respect of the profits of any business carried on by him.

(2) Such profits shall be computed after making the following allowances, in respect of sums paid, or, in the case of depreciation, debited, namely:—

(*i*) any rent paid for the premises in which such business is carried on, or where the premises are owned by the assessee the *bona fide* annual value thereof, provided that when any substantial part of the premises is used as a dwelling-house by the assessee, the allowance under this clause shall be such sum as the Collector may determine having regard to the proportional part so used;

(*ii*) in respect of repairs, where the assessee is the tenant only of the premises, and has undertaken to bear the cost of such repairs, the amount actually expended thereon provided that if any substantial part of the premises is used by the assessee as a dwelling-house, a proportional part only of such amount shall be allowed;

(*iii*) in respect of capital borrowed for the purposes of the business, where the payment of interest thereon is not in any way dependent on the earning of profits, the amount of the interest paid;

(*iii*) in respect of insurance against risk of damage or destruction of buildings, machinery or plant, used for the purposes of the business, the amount of any premium paid;

(*c*) in respect of current repairs to buildings, machinery or plant, the amount actually expended thereon;

(*d*) in respect of depreciation of such buildings, machinery or plant being the property of the assessee, a sum not exceeding a percentage on the original cost thereof to the assessee to be fixed, subject to the approval of Government for different classes of buildings, machinery or plant having regard to the estimated life thereof, in determining which it shall be assumed that current repairs are executed from time to time;

Provided that—

(*a*) no such allowance shall be made unless the amount claimed has actually been debited in the ordinary accounts of the business for the previous year, and the prescribed particulars have been duly furnished;

(*b*) when in any year the full allowance admissible has not been claimed, the balance may be added to the allowance made for the following year or years;

(*c*) the aggregate of the allowances made under this sub-head shall, in no case, exceed the original cost to the assessee of the buildings, machinery or plant, as the case may be;

(*dd*) in respect of any machinery or plant which has been sold or discarded as obsolete, the difference between the original cost to the assessee of the machinery or plant as reduced by the aggregate of the allowances made in respect of depreciation under clause (*d*), and the amount for which the machinery of plant is actually sold, or its scrap value;

(*ddd*) any sums paid on account of land revenue, local rates or municipal taxes in respect of the premises;

(*x*) in respect of any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of earning such profits.

(5) In computing the profits of a business which has its head-quarters in Mysore but has branches also in British India, or which is carried on partly in Mysore and partly in British India, a deduction shall be allowed of the amount of profits appearing to the assessing officer to be due to the transactions carried on in British India.

Professional earnings.

10. (1) The tax shall be payable by an assessee under the head "Professional earnings" in respect of the profits of any profession, or vocation, followed by him.

(2) Such profits shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purposes of such profession or vocation, provided that no allowance shall be made on account of any personal expenses of the assessee.

(3) Professional fees paid in any part of India to a person ordinarily resident in Mysore shall be deemed to be income chargeable under this head.

Income derived from other sources.

11. (1) The tax shall be payable by an assessee under the head "Income derived from other sources" in respect of income and profits of every kind and from every source to which this Regulation applies (if not included under any of the preceding heads) with the exception of agricultural income.

(2) Such income and profits shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of making such income or earning such profits, provided that no allowance shall be made on account of any personal expenses of the assessee.

Exclusions of a general nature.

12. (1) In computing the amount of the income chargeable to income-tax in the case of an assessee under any of the foregoing heads, no account shall be taken of any income which the assessee enjoys as a member of a company or of a firm or of an undivided Hindu family where the company, the firm or the family is liable to the tax.

(2) There shall also be excluded from the computation any sum paid by the assessee to effect an insurance on his own life, or on the life of his wife, or in respect of a contract for a deferred annuity on his own life or on the life of his wife, or as a contribution to any provident fund to which the Provident Funds Regulation, 1916, applies;

Provided that the aggregate of any sums so excluded shall not, after taking into account any exemptions allowed in respect of like provision under the head "Salaries," exceed one-sixth of the income of the assessee which would, apart from such exclusion and exemption, be chargeable to income-tax.

Treatment of exemptions and exclusions in determining total income

13. In computing the total income of an assessee for the purposes of Schedule I, salaries and deductions exempted under the proviso to section 6 (1), income mentioned in section 12 (1), and sums excluded under section 12 (2), shall be taken into account.

Taxable income and levy of tax thereon.

14. (1) The aggregate amount of an assessee's income chargeable under each of the heads mentioned in sections 6 to 11 shall be the taxable income of the assessee.

(2) Subject to the conditions hereinbefore set out, there shall be levied in respect of the year beginning with the first day of July and in respect of each subsequent year, by collection in that year and subsequent adjustment as hereinafter provided income-tax upon every assessee in respect of his taxable income in that year at the rate specified in Schedule I;

Provided that, where the assessee is a company or a firm constituted under a registered instrument of partnership specifying the individual shares of the partners and the taxable income of such company or firm is not less than two thousand four hundred rupees per annum, income-tax shall be levied at the maximum rate specified in Schedule II.

CHAPTER II.

DEDUCTIONS AND ASSESSMENT.

Payment.

15. (1) Income-tax shall, unless otherwise prescribed in the case of any security of the Government of His Highness the Maharaja of Mysore, be deducted at the time of payment in respect of income chargeable under the following heads:—

(*i*) "Salaries": and

(*ii*) "Interest on securities."

(2) An employer or other person responsible for paying any income chargeable under the head "Salaries" shall, at the time of payment, deduct income-tax on the amount payable at the rate specified in Schedule I in respect of such amount, provided that, if the payment is a recurring one and in respect of any period less than a year, the rate shall be determined with reference to the amount which would be proportionately payable in a year. The deduction so made shall be treated as a payment of income-tax on behalf of the person from whose earnings the deduction was made, and credit shall be given to him therefor in the next adjustment under section 19.

(3) The person responsible for paying any income chargeable under the head "Interest on securities" shall, at the time of payment, deduct income-tax on the amount of the interest payable at the maximum rate specified in Schedule I. The deduction so made shall be treated as payment of income-tax on behalf of the owner of the security, and credit shall be given to him therefor in the next adjustment under section 19;

Provided that, if the owner of the security obtains a refund of any portion of the tax so deducted in accordance with the provisions of this Regulation no credit shall be given for the amount of such refund.

(4) All sums deducted in accordance with the provisions of sub-section (2) or (3) shall be paid within the prescribed time by the person making the deduction to the credit of Government or as the Government directs.

(5) If any such person does not deduct and pay the tax as required by this section, he shall, without prejudice to any other consequences which he may incur be deemed to be personally in default in respect of the tax.

(6) The power to deduct under this section shall be without prejudice to any other mode of recovery.

(7) In the case of income chargeable under any other head than those abovementioned, the tax shall be payable by the assessee direct, and shall be the amount assessed under this Regulation subject to such adjustment as aforesaid.

Annual return.

16. The prescribed person in the case of every Government office, and the principal officer of every local authority, and of every company, and of every other public body or association not being a local authority or company, and every private employer who has agreed to recover income-tax on behalf of Government shall prepare, and within fifteen days from the 30th day of June in each year, deliver or cause to be delivered to the Collector, in the prescribed form a return in writing showing:—

(*a*) the name and, so far as it is known, the address of every person who was receiving on the said 30th day of June, or has received during the year ending on that date, from the authority, company, body, association or private employer, as the case may be, any income chargeable under the head "Salaries" of such amount as may be prescribed not being less than one thousand four hundred and forty rupees per annum;

(*b*) the amount of the income so received by each such person, and the time or times at which the same was paid;

(*c*) the amount deducted in respect of income-tax from each such person.

Return by assessees

17. (1) The principal officer of every company shall prepare, and, on or before the fifteenth day of September in each year, deliver or cause to be delivered to the Collector a return in the prescribed form and verified in the prescribed manner of the total income of the company during the previous year;

Provided that the Collector may, in his discretion, extend the date for the delivery of the return in the case of any company or class of companies.

(2) In the case of any person other than a company whose taxable income is, in the Collector's opinion, not less than nine thousand rupees, the Collector shall serve a notice upon him requiring him to furnish, within such period as may be specified in the notice, a return in the prescribed form and verified in the prescribed manner setting forth (along with such other particulars as may be provided for in the notice) his total income during the previous year.

(3) In the case of any person other than a company whose taxable income is, in the Collector's opinion, not less than two thousand four hundred rupees, but less than nine thousand rupees, the Collector may, if he thinks fit, serve upon him a notice in accordance with the provisions of sub-section (2), but, if he does not do so, shall proceed in the manner hereinafter provided in Chapter III for the summary assessment of such incomes.

Assessment.

18. (1) If the Collector is satisfied that a return made under section 17 is correct and complete, he shall assess the sum payable by the assessee for the year in which the return is made on the basis of such return.

(2) If the Collector has reason to believe that a return made under section 17 is incorrect or incomplete, he shall serve on the person who made the return a notice requiring him, on a date to be therein mentioned, either to attend at the Collector's office and produce, or to cause to be there produced for the inspection of the Collector, such accounts and documents as the Collector may require and any evidence on which the assessee may rely in support of the return.

(3) On the day specified in the notice, or as soon afterwards as may be, the Collector, after examining such accounts and documents, and hearing any evidence which the assessee may produce and such other evidence as the Collector may require, shall, by an order in writing, determine the total income of the assessee for the previous year, and assess the sum payable by the assessee for the year in which the return is made on the basis of such determination.

(4) If the principal officer of any company or any other person fails to make a return under section 17 (1), (2) or (3), as the case may be, or having made a return, fails to attend or fails to comply substantially with all the terms of a notice issued under section 18, sub-section (2), the Collector shall make the assessment to the best of his judgment.

(5) The sum to be assessed in every case shall be a sum calculated on the aggregate of the assessee's income in the previous year chargeable under each of the heads mentioned in sections 8 to 11 at the rate applicable to his total income in that year.

Adjustment with actual income when ascertained.

19. When the Collector has, in any year after the commencement of this Regulation for which income-tax is leviable under section 14 (2), ascertained, either from the return made by an assessee or after further inquiry, the total income actually received by or accrued to the assessee in the previous year, he shall compute the income-tax which would have been payable in respect thereof if it had been levied in such previous year with reference to the amount of the income so ascertained and the law then in force; and the difference between the sum so computed and the aggregate of the sums already paid by or on behalf of the assessee in respect of income-tax for such previous year, shall be paid by or refunded to the assessee, as the case may be:

Provided also that it shall be competent to—

(*a*) an assessee; or

(*b*) in the case of the death or insolvency of an assessee, his representative in interest; or

(*c*) with reference to any year for which income-tax is leviable under section 14 (2), the Collector;

in any year to claim an immediate adjustment to date of the sums already paid by or on behalf of an assessee in that year, upon the basis of the total income actually received by or accrued to him in that year; and upon such claim being made, all the provisions of this chapter shall apply, so far as may be necessary, for the determination of the proper sum to be paid by or refunded to the assessee or his representative in interest in respect of income-tax down to the date of such determination, and the same shall be paid or refunded accordingly.

Notice of demand.

20. When the Collector has determined a sum to be payable by an assessee under either section 18 or section 19, he shall serve on the assessee a notice of demand in the prescribed form specifying the sum so payable.

Petition against assessment under this Regulation.

21. (1) Any assessee objecting to the amount or rate at which he is assessed under section 18 or to an adjustment made under section 19, or denying his liability to be assessed under this Regulation may, unless he or, in the case of a company, the principal officer thereof, has knowingly and willfully failed to make a return under section 17, or substantially to comply with all the terms of a notice served on him under section 18, apply by petition to the Commissioner for relief against any order of the Collector in respect of such assessment or adjustment.

(2) The petition shall ordinarily be presented within thirty days of receipt of the notice of demand; but the Commissioner may receive a petition after the expiration of that period, if he is satisfied that the objector had sufficient cause for not presenting it within that period.

(3) The petition shall be in the prescribed form and verified in the prescribed manner.

Hearing of petition.

22. The Commissioner shall fix a day and place for the hearing of the petition, and on the day and at the place so fixed, or on the day and at the place, if any, to which he has adjourned the hearing, shall hear the petition and pass such order thereon, whether by way of confirmation, reduction, enhancement or cancellation of the assessment, or adjustment or otherwise and fixing such time for payment, as he thinks fit.

Power of review.

23. The Chief Revenue-authority may, of its own motion, call for the record of any assessment proceeding which has been taken by any officer subordinate to it, and make such inquiry and pass such orders thereon as it thinks fit;

Provided that it shall not pass any order enhancing the sum payable by an assessee without hearing him or giving him a reasonable opportunity of being heard either in person or by pleader.

Penal assessment.

24. If the Collector or the Commissioner in making any assessment or adjustment under this chapter is satisfied that the assessee has concealed the particulars of his income, or has deliberately furnished inaccurate particulars of such income, and has thereby returned it below its real amount, the Collector or the Commissioner may direct that the assessee shall pay, on the difference between his income as finally ascertained and the amount originally returned by him, income-tax at a rate not exceeding double the rate which would otherwise have been payable;

Provided that no such order shall be made, unless the assessee has been heard, or has been given a reasonable opportunity of being heard;

Provided further that no prosecution for an offence against this Regulation shall be instituted in respect of the same facts on which a penal assessment is made under this section.

Income escaping assessment assessable in following year.

25. If for any reason income chargeable under this Regulation has escaped assessment in any year, or has been assessed at too low a rate, the Collector may, at any time in the year next following, assess or re-assess such income, and all the provisions of this Regulation shall apply accordingly.

Rectification of mistake.

26. The Collector may, at any time within one year from the date of any demand made upon an assessee, rectify any mistake in connection therewith which has been brought to his notice by such assessee, and make a refund to such assessee in respect thereof.

Power to take evidence on oath, etc.

27. The Collector or Commissioner shall, for the purposes of any inquiry under this chapter, have the same powers as are vested in a Court under the Code of Civil Procedure, 1911, when trying a suit in respect of the following matters:—

(*a*) enforcing the attendance of any person and examining him on oath or affirmation;

(*b*) compelling the production of documents; and

(*c*) issuing commissions for the examination of witnesses;

and any proceeding before a Collector or Commissioner under this chapter shall be deemed to be a "judicial proceeding" within the meaning of sections 193 and 228 of the Indian Penal Code.

Power to call for information.

28. The Collector or Commissioner may, for the purposes of this Regulation,

(1) require any person to furnish a return, in the prescribed form, containing, to the best of his belief, the name and address of every person employed in his service who is receiving in virtue of such employment any income not chargeable

under the head "Salaries," of such amount as may be prescribed, not being less than one thousand four hundred and forty rupees per annum;

(2) require any firm or Hindu undivided family to furnish him with a return of the partners in the firm, or the adult male members of the family, as the case may be, and of their addresses;

(3) require any person whom he has reason to believe to be a trustee, guardian, or agent to furnish him with a return of the names of the persons for or of whom he is trustee, guardian, or agent, and of their addresses.

Power to inspect the register of members of any company.

29. The Collector or Commissioner, or any person authorised in writing in this behalf by the Collector or Commissioner, may inspect and, if necessary, take copies or cause copies to be taken of the register of members of any company or of any entry in such register.

CHAPTER III.

Summary Assessment.

Summary assessment.

30. (1) In the case of persons whose taxable income is, in the Collector's opinion, not less than two thousand four hundred rupees, but less than nine thousand rupees, the Collector shall, save in cases in which he has served a notice under section 17 (3), make a summary assessment on the income of such persons to the best of his judgment.

(2) Notice of such summary assessment and of the amount of the tax payable thereunder and of the time and the place at which, and the person to whom, such tax is to be paid shall be given either by local publication in the prescribed manner of a list of such assessments, or in such other way as may be prescribed;

Provided that due publicity shall be given to the assessee's right to apply to the Collector in the manner provided for in the next sub-section within the prescribed period, and that reasonable notice shall be given of the place at which, and the person from whom, the assessee can obtain a form of return should he wish to submit one.

(3) Any assessee in respect of whom a summary assessment has been made under this section may, within the prescribed period, apply to the Collector for the cancellation or revision of the assessment, and the Collector shall, after examining any accounts and documents and hearing any evidence which the assessee may produce, and such other evidence as the Collector may require, determine, by order in writing, the amount of the tax, if any, payable by the assessee, and such determination shall be final;

Provided that, if the person making the application files therewith a return of his income in the prescribed form and verified in the prescribed manner, the application shall be deemed to be a return under section 17, and shall be dealt with accordingly.

CHAPTER IV.

Liability in special cases.

Guardians, trustees and agents.

31. In the case of any guardian, trustee or agent of any person being a minor, lunatic or idiot or residing out of Mysore (all of which persons are hereinafter in this section included in the term beneficiary) being in receipt on behalf of such beneficiary of any income chargeable under this Regulation, the tax shall be levied upon and recoverable from such guardian, trustee or agent as the case may be, in like manner and to the same amount as it would be leviable upon and recoverable from any such beneficiary if of full age, sound mind, or resident in Mysore, and in direct receipt of such income, and all the provisions of this Regulation shall apply accordingly.

Administrator-General of Madras. Receiver or Manager.

32. In the case of income chargeable under this Regulation which is received by the Administrator-General, Madras, under Regulation IV of 1910 or by any receiver or manager (including any person whatever his designation who in fact manages property on behalf of another) appointed by or under any order of a Court, the tax shall be levied upon and recoverable from such Administrator-General, receiver or manager in like manner and to the same amount as it would be leviable upon and recoverable from any person on whose behalf such income is received, and all the provisions of this Regulation shall apply accordingly.

Non-residents.

33. (1) In the case of any person residing out of Mysore, all profits or gains accruing or arising to such person, whether directly or indirectly, through or from any business connection in Mysore, shall be deemed to be income accruing or arising within Mysore, and shall be chargeable to income-tax in the

name of the agent of any such person, and such agent shall be deemed to be for all the purposes of this Regulation the assessee in respect of such income-tax;

Provided that any arrears of tax may be recovered also in accordance with the provisions of this Regulation from any assets of the non-resident person which are, or may at any time come, within Mysore.

(2) Where a person not resident in Mysore and not being a British subject or a subject of His Highness the Maharaja or a firm or company constituted within His Majesty's dominions or the Mysore State, carries on business with a person resident in Mysore, and it appears to the Collector or the Commissioner, as the case may be, that owing to the close connection between the resident and the non-resident person and to the substantial control exercised by the non-resident over the resident, the course of business between those persons is so arranged, that the business done by the resident in pursuance of his connection with the non-resident produces to the resident either no profits or less than the ordinary profits which might be expected to arise in that business, the profits derived therefrom or which may reasonably be deemed to have been derived therefrom, shall be chargeable to income-tax in the name of the resident person who shall be deemed to be, for all the purposes of this Regulation, the assessee in respect of such income-tax.

Agent to include persons treated as such.

34. Any person employed by or on behalf of a person residing out of Mysore, or having any business connection with such person, upon whom the Collector has caused a notice to be served of his intention of treating him as the agent of the non-resident person shall, for the purposes of this Regulation, be deemed to be such agent;

Provided that no person shall be deemed to be the agent of a non-resident person, unless he has had an opportunity of being heard by the Collector as to his liability.

CHAPTER V.

Recovery of tax.

Tax when payable.

35. The amount of income-tax specified as payable in a notice of demand under section 20 or an order under section 22, section 23, or section 24, or in a notice or order under section 30, shall be paid within the time, at the place and to the person mentioned in the notice or order, or if a time is not so mentioned, then on or before the first day of the second month following the date of the notice or order, and any assessee failing so to pay shall be deemed to be in default, provided that, when an assessee has presented a petition under section 21, the Collector may, in his discretion, treat the assessee as not being in default as long as such petition is undisposed of.

Mode and time of recovery.

36. (1) When an assessee is in default in making a payment of income-tax, the Collector, in his discretion, may recover from him a sum not exceeding double the amount of the tax, either as if it were an arrear of land revenue, or by any process enforceable for the recovery of an arrear of any municipal tax or local rate imposed under any enactment for the time being in force in any part of Mysore.

(2) If any assessee is in receipt of any income chargeable under the head "Salaries," the Collector may require any person paying the same to deduct from any payment subsequent to the date of such requisition any sum recoverable under sub-section (1), and such person shall comply with any such requisition and shall pay the sums so deducted to the credit of Government, or as Government directs.

(3) Government may direct by what authority any powers or duties incident under any such enactment as aforesaid to the enforcement of any process for the recovery of a municipal tax or local rate shall be exercised or performed when that process is employed under sub-section (1) for the recovery of income-tax.

(4) Government may direct, with respect to any specified area, that income-tax shall be recovered therein, with, and as an addition to, any municipal tax or local rate by the same person and in the same manner as the municipal tax or local rate is recovered.

(5) Save in accordance with the provisions of section 33 (1), no proceedings for the recovery of any sum payable under this Regulation shall be commenced after the expiration of one year from the last day of the year in which any demand is made under this Regulation.

CHAPTER VI.

Refunds to shareholders and others.

Refund to individual shareholders, partners and owners of securities.

37. If—

(*a*) a shareholder in a company who has received any dividend from the company; or

(*b*) a partner in a firm on which income-tax has been levied at the maximum rate, in accordance with the proviso to section 14, who has received a share of the profits of the firm; or

(*c*) the owner of a security from the interest on which income-tax has been deducted in accordance with the provisions of section 15;

satisfies the Collector that his total income in the previous year was less than any one, as the case may be, of the amounts specified in Schedule II, he shall be entitled to a refund of a sum calculated on such dividend, share of profits or interest at the rates specified in the same Schedule against each such amount

Limitation of claims for refund.

38. No claim to any refund under section 37 shall be allowed, unless it is made within one year from the last day of the year to which the claim relates.

CHAPTER VII.

Offences and Penalties.

Failure to make payments or deliver returns or statements or allow inspection.

39. If a person fails without reasonable cause or excuse—

(*a*) to deduct and pay any tax as required by section 15 or under section 36 (2);

(*b*) to deliver or cause to be delivered to the Collector in due time any of the returns mentioned in section 16, section 17, or section 28;

to permit inspection or allow copies to be taken in accordance with the provisions of section 29;

to attend or to produce, or cause to be produced, on or before the date mentioned in a notice under section 18, such accounts and documents as are referred to in the notice,

he shall, on conviction before a Magistrate, be punishable with fine which may extend to ten rupees for every day during which the default continues.

False statement in declaration.

40. If a person makes a statement in a verification mentioned in section 17 or section 21 (3) which is false, and which he either knows or believes to be false or does not believe to be true, he shall be deemed to have committed the offence described in section 177 of the Indian Penal Code.

Prosecution at instance of Collector.

41. No person shall not be proceeded against for an offence under section 39 or section 40, except at the instance of the Collector.

(2) The Collector may stay any such proceeding or compound any such offence.

Disclosure of information by public servants.

42. All particulars contained in any statement or return made or furnished under the provisions of this Regulation shall be treated as confidential, and if a public servant discloses any particulars contained in any statement or return made or furnished under this Regulation he shall be liable with imprisonment which may extend to six months, and shall also be liable to fine.

Provided that no prosecution shall be instituted under this section, except with the previous sanction of Government.

CHAPTER VIII.

Miscellaneous.

Power to make rules.

43. The Government may make rules for carrying out the purposes of this Regulation and for the ascertainment and determination of any class of income.

(2) Without prejudice to the generality of the foregoing power, such rules may—

(*a*) When income is derived in part from agriculture and in part from business, prescribe the manner, whether with reference to a class or in particular cases, by which the taxable income shall be arrived at;

(*b*) prescribe the manner in which, and the procedure by which, the taxable income of Insurance Companies shall be arrived at;

(*c*) prescribe the manner in which, and the procedure by which the taxable income of persons not resident in Mysore, or of persons deemed to be assessees in respect thereof, shall be arrived at;

(*d*) provide for a system of composition of assessments and prescribe the conditions under which the Collector may enter into composition with assessees as to their assessment;

(*e*) prescribe the procedure to be followed on applications for refunds;

(*f*) provide for any matter which by this Regulation is to be prescribed.

(3) Rules made under this section shall be published in the *Mysore Gazette*, and shall thereupon have effect as if enacted in this Regulation.

Power to make exemptions, etc.

44. The Government may, by notification in the *Mysore Gazette*, make an exemption, reduction in rate or other modification, in respect of income-tax in favour of any class of income, or in regard to the whole or any part of the income of any class of persons.

Receipts and their contents.

45. When any money is paid under this Regulation to the Collector, or is recovered thereunder by him, he shall give a receipt for the same, specifying the prescribed particulars.

Service of notices.

46. A notice or requisition under this Regulation may be served on the person therein named, either by post, or by the delivery or tender to him of a copy of the notice or requisition in the manner provided by the Code of Civil Procedure, 1911, for the service of summons.

Power to declare principal places of business.

47. (1) When an assessee has several places of business in Mysore Government may declare which of them shall, for the purposes of this Regulation, be deemed to be his principal place of business.

(2) The powers given by this section may be delegated to, and exercised by, such officers as the Government may appoint in this behalf.

Indemnity.

48. Every person deducting, retaining or paying any tax in pursuance of this Regulation in respect of income belonging to another person is hereby indemnified for the deduction, retention or payment thereof.

Powers exercisable from time to time.

49. All powers conferred by, or conferable under, this Regulation may be exercised from time to time as occasion requires.

Delegation of certain powers of Government.

50. Government may, by notification in the *Mysore Gazette*, delegate to the Chief Revenue-authority all or any of the powers conferred on it by this Regulation for the appointment of officers to exercise or perform the powers or duties of Collectors or Commissioners, and all or any of the powers conferred on it by section 36 and the proviso to section 42.

Statement of case by Chief Revenue-authority to Chief Court.

51. (1) If, in the course of any assessment under this Regulation or any proceeding in connection therewith other than a proceeding under Chapter VII, a question has arisen with reference to the interpretation of any of the provisions of this Regulation or of any rule thereunder, the Chief Revenue-authority may, either on its own motion or on reference from any Revenue officer subordinate to it, draw up a statement of the case, and refer it, with its own opinion thereon, to the Chief Court, and shall so refer any such question on the application of the assessee, unless it is satisfied that the application is frivolous or that a reference is unnecessary.

(2) If the Chief Court is not satisfied that the statements contained in the case are sufficient to enable it to determine the questions raised thereby, the Court may refer the case back to the Revenue-authority by which it was stated, to make such additions thereto, or alterations therein, as the Court may direct in that behalf.

(3) The Chief Court upon the hearing of any such case shall decide the questions raised thereby, and shall deliver its judgment thereon containing the grounds on which such decision is founded, and shall send to the Revenue-authority by which the case was stated a copy of such judgment under the seal of the Court and the signature of the Registrar; and the Revenue-authority shall dispose of the case accordingly, or, if the case arose on reference from any Revenue officer subordinate to it, shall forward a copy of such judgment to such officer who shall dispose of the case conformably to such judgment.

(4) Where a reference is made to the Chief Court on the application of an assessee, costs shall be in the discretion of the Court.

Bar of suits in Civil Court.

52. No suit shall be brought in any Civil Court to set aside or modify any assessment made under this Regulation, and no prosecution, suit or other proceeding shall lie against any Government Officer for anything in good faith done or intended to be done under this Regulation.

SCHEDULE No. I.

RATES OF TAX.

	Rate.
When the Taxable income is less than Rs. 2,400 ...	Nil.
Do Rs. 2,400 or upwards—	
(i) when total income is Rs. 2,400 or upwards but is less than Rs. 9,000	3 pies in the rupee.
(ii) when total income is Rs. 9,000 or upwards but is less than Rs. 25,000	4½ do
(iii) when total income is Rs. 25,000 or upwards but is less than Rs. 50,000	6 do
(iv) when total income is Rs. 50,000 or upwards but is less than Rs. 75,000	9 do
(v) when total income is Rs. 75,000 or upwards ...	1 anna in the rupee.

SCHEDULE II.

RATES OF REFUND.

Amount.				*Refund.*
(i) Less than Rs. 2,400	...	...	...	1 anna in the rupee.
(ii) Rs. 2,400 or upwards but less than Rs. 9,000			...	9 pies in the rupee.
(iii) Rs. 9,000	do	Rs. 25,000	...	7½ do
(iv) Rs. 25,000	do	Rs. 50,000	...	6 do
(v) Rs. 50,000	do	Rs. 75,000	..	3 do

STATEMENT OF OBJECTS AND REASONS.

It having been found necessary to have recourse to legislation for the purpose of increasing the public revenues and for equalising the burden of taxation, it has been decided to impose a tax on incomes of Rs. 2,400 and above derived from sources other than agriculture.

The Bill is framed accordingly and follows in its main features the lines of the Indian Income Tax Act, except as regards the rates of taxation which are fixed lower than in British India.

10 copies

~~Draft~~ Report of the Select Committee on the Income Tax Bill.

****

We, the members of the Select Committee appointed to consider the above Bill, have the honor to submit the following report :-

Preamble. Since Section 4 expressly provides for the exemption of Agricultural income ~~and~~ we consider that the words "other than Agriculture" in the preamble are unnecessary and may be omitted. We accordingly recommend that the preamble may be worded as follows :- "Whereas it is expedient to impose a tax on incomes derived from certain sources; His Highness etc.,".

In Section 1 (3) '1920' may be substituted for '1919'.

Section 2. We consider it necessary to ~~add the definition of~~ the term "registered firm", ~~as Clause 12A~~ we may adopt for the purpose the definition given in the British Indian Act, No. XVII of 1920, ~~which is as follows :-~~ and introduce it as Clause 12A.

~~"Registered firm" means a firm constituted with such name as the following terms.~~

"Registered firm" means a firm constituted under an instrument of partnership specifying the individual shares of the partners of which the prescribed particulars have been registered with the Collector in the prescribed ~~form~~ manner."

Section 3. Since pensions come under the category of taxable incomes under Section 5, it was considered that there was no sufficient reason to exempt capitalised values of the whole or a portion of such pensions and after considerable discussion it was resolved that the words "in commutation of the whole or a portion of a pension or" in Sub clause (v) of clause (2) of this sect

Addition of new section 14 A.

Under Act XVII of 1920 the British Indian Legislature has added a new section with a view to remedy the anomaly which occurs when an assessee with an income just in excess of one of the stages in Schedule I and therefore liable to pay income tax at a higher rate than if his income were just below that stage finds himself, after the payment of the tax, worse off than he would have been had his total income been below that stage. We recommend that a similar provision be made in our Regulation also. The following section may therefore be added :-

Reduction of tax when margin above a certain limit is small.

14 A (1) Where owing to the fact that the total income of any person has reached or exceeded a certain limit, he is liable to pay income tax at a higher rate, the amount of income tax payable by him shall, where necessary, be reduced so as not to exceed the aggregate of the following amounts, namely :-

(a) the amount which would have been payable if his total income had been a sum less by one rupee than that limit, and

(b) the amount by which his total income exceeds that sum.

(2) The income tax payable by any person shall in no case exceed the amount by which his taxable income is greater than - Rs. 2,400/-.

Amendment of Section 17.

Section 17. We consider it desirable to have a uniform procedure for the issue of a notice calling for a return from any person, other than a company, whose taxable income is not less than Rs. 2,400/-. We accordingly propose that for (Rs. 9,000) in clause (2) of this

it in the Gazette.

Mr. Shankaranarayan Rao having resigned his membership in the Legislative Council, Mr. C. S. Doraswamy Iyer took part in the discussions, having been previously invited to be present at the meeting.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

FINANCIAL SECRETARIAT

No. Fl. 219 Bangalore, Dated 27th April 1920

From

M. N. KRISHNA RAO, Esq., B. A.,
Offg. Financial Secretary to the Government of His Highness
the Maharaja of Mysore.

To

P. MAHADEVAIYA, Esq., B.A., B.L.,
Secretary, Mysore Legislative Council,
Bangalore.

SIR,

With reference to your letter No.503-513/L.C. dated 26th April 1920, regarding the Draft Report of the Select Committee on the Income-tax Bill, I have the honour to state that I approve of the report and have no alterations to suggest in it.

Herewith returned.

I have the honour to be,

S i r,

Your most obedient servant,

M. N. Krishna Rao

Financial Secretary.

OFFICE OF THE SECRETARY, MYSORE LEGISLATIVE COUNCIL,

Dated Bangalore, 26th April 1920

No. 503-573

From

P. Mahadevayya, Esq., B.A., B.L.,

Secretary, Mysore Legislative Council.

To

Rajasabha Bhushana Dewan Bahadur
K. P. Puttanna Chetty, Esq C. I. E.,
Member, Mysore Legislative Council.

Sir,

I am directed to forward herewith a copy of the draft report of the Select Committee on the Income Tax Bill and to request you to kindly return the same by return of post with your approval or other remarks, if any.

I have the honor to be,

Sir,

Your most obedient servant,

Mahadevayya

Secretary,

Mysore Legislative Council.

Approved

K P Puttanna Chetty

Member Legislative Council

27/4/20

OFFICE OF THE SECRETARY, MYSORE LEGISLATIVE COUNCIL,

Dated Bangalore, 26th April 1920

No. 503-513 Leg.

Immediate

From

P. Mahadevayya, [illegible], B.A., B.L.,
Secretary, Mysore Legislative Council.

To

C. S. Balasundaram Iyer, Esq., B.A.,
Member, Mysore Legislative Council.

Sir,

I am directed to forward herewith a copy of the draft report of the Select Committee on the Income Tax Bill and to request you to kindly return the same by return of post with your approval or other remarks, if any.

I have the honor to be,

Sir,

Your most obedient servant,

Returned approved.
With compliments.
C.S. Balasundaram Iyer
17/4

He is also sending
a dissenting
note on capitalised
values of pensions.

P. Mahadevayya
Secretary,
Mysore Legislative Council.

Dr. 12

Letter 27/4

G. R. S. VI.—S-III/9]

DRAFT.

SUBJECT.....

.....

.....

Section.
File No.
Serial No.

Diary No. of letter replied to.....

No. 550
Le

NOTIFICATION.

GENERAL AND REVENUE SECRETARIAT,
( )
, *the*.....*191*

Under Rule 40 of the Rules for the conduct of business of the Mysore Legislative Council, the following Report of the Select Committee on the Income Tax Bill

.....

is published for general information ~~with the Bill as amended by them~~.

Date of issue 28-4-20

Signed by Sri P. M

By Order,

Secretary, Mysore Legislative Council.

To

The Compiler, *Mysore Gazette* for publication in Part III of the Gazette in English and Kannada and for supplying 100 spare copies in English and 25 copies in Kannada to this office. ~~Proof should be sent to this office for approval before publication.~~

to Peter

REPORT OF THE SELECT COMMITTEE ON THE INCOME TAX BILL.

We, the members of the Select Committee appointed to consider the above Bill, have the honor to submit the following report :—

Preamble.—Since Section 4 expressly provides for the exemption of Agricultural income, we consider that the words "other than Agriculture" in the preamble are unnecessary and may be omitted. We accordingly recommend that the preamble may be worded as follows :—

"Whereas it is expedient to impose a tax on incomes derived from certain sources; His Highness, etc.,"

In Section 1 (3) the year '1920' may be substituted for '1919'.

Section 2.—We consider it necessary to define the term "registered firm". We may adopt for the purpose the definition given in the British Indian Act, No. XVII of 1920, and introduce it as Clause '12A' in the following terms :—

"Clause 12A. 'Registered firm' means a firm constituted under an instrument of partnership specifying the individual shares of the partners of which the prescribed particulars have been registered with the Collector in the prescribed manner."

Section 3.—Since pensions come under the category of taxable incomes under Section 5, it was considered that there was no sufficient reason to exempt capitalised values of the whole or a portion of such pensions and after considerable discussion it was resolved that the words "in commutation of the whole or a portion of a pension or" in sub-clause (v) of clause (2) of this section may be deleted. The clause as amended will read as follows :—

3. (2v) "Any capital sum received in the nature of consolidated compensation for death or injuries.....'

Section 6.—Repeal of proviso (1)–

Proviso (1) in the corresponding section of the British Indian Act, 1918, relating to the exemption of the salary of the members of the Military Forces, has recently been repealed under Act XVII of 1920. We recommend that the same course may be adopted in our State and proviso 1 of Section 6 of the draft Bill may accordingly be omitted. The number 'ii' against the other proviso will be omitted.

Section 8.—We recommend the addition in clause (v) of this section of the words "or local rate or municipal taxes" after the words "land revenue" as we are of opinion that allowance should be given in respect of these taxes also

Section 13.—The words "salaries and" in this section may be omitted in consequence of the repeal of proviso (1) in Section 6.

Section 14.—Since we have defined "registered firm" in Section 2, we recommend that the proviso to sub-section (2) of Section 14 be recast as follows :—

"Provided that, where the assessee is a company or a registered firm and the taxable income of such company or firm is Rs. 2,400 or upwards, income tax shall be levied at the maximum rate specified in Schedule 1."

Addition of new Section 14 A.

Under Act XVII of 1920 the British Indian Legislature has added a new section with a view to remedy the anomaly which occurs when an assessee with an income just in excess of one of the stages in Schedule 1 and therefore liable to pay income tax at a higher rate than if his income were just below that stage finds himself, after the payment of the tax, worse off than he would have been had his

total income been below that stage. We recommend that a similar provision be made in our Regulation also. The following section may therefore be added :—

Reduction of tax when margin above a certain limit is small.

14A. (1) Where owing to the fact that the total income of any person has reached or exceeded a certain limit, he is liable to pay income tax at a higher rate, the amount of income tax payable by him shall, where necessary, be reduced so as not to exceed the aggregate of the following amounts, namely :—

(*a*) the amount which would have been payable if his total income had been a sum less by one rupee than that limit, and

(*b*) the amount by which his total income exceeds that sum.

(2) The income tax payable by any person shall in no case exceed the amount by which his taxable income is greater than Rs. 2,400.

Section 17.—We consider it desirable to do away with the difference in the procedure prescribed in the matter of issue of notices calling for returns, between the incomes of Rs. 2,400 and above but less than Rs. 9,000 and incomes of a higher value and to render it obligatory upon the Collector to issue notices in case of all incomes of not less than Rs. 2,400 from any person other than a Company and we accordingly propose that for "Rs. 9,000" in clause (2) of this section "Rs. 2,400" be substituted and that clause (3) be omitted in conformity with the British Indian Act No. IV of 1919.

Section 18.—In view of the above alteration, for the figures "17 (1), (2) or (3)" occurring in line 2 of sub-section 4 the figures "17 (1) or (2)" will have to be substituted.

Section 19.—The word "also" in the proviso is unnecessary and may be omitted.

Section 27.—The word "witnesses" may be substituted for the word "witness" occurring at the end of clause (*c*).

Chapter III.—As under the amendment of Section 17 a notice will be issued in all cases, there is no necessity for the retention of Chapter III on Summary Assessment. This chapter which has been repealed in the British Indian Act by Act IV of 1919 may accordingly be omitted and the subsequent chapters renumbered.

Section 33.—Clause (2) of this section, which is intended to assess the income accruing to a foreign firm or company carrying on business with a person resident in Mysore should also include its branches, and hence the words "or a branch thereof" may be inserted after "Mysore State" in the said clause.

Section 35.—As Chapter III has been deleted, the words "or in a notice or order under Section 30" occurring in this section will have to be omitted.

We recommend that the Bill as above amended be passed and since no material changes have been introduced in the Bill, we think that it is not necessary to publish it in the Gazette.

Mr. Shankaranarayana Rao having resigned his membership in the Legislative Council, Mr. C. S. Doraswamy Iyer took part in the discussions, having been previously invited to be present at the meeting.

MIR HAMZA HUSEIN.
M. N. KRISHNA RAO.
C. S. BALASUNDARAM IYER.
(subject to a minute of dissent)
K. P. PUTTANNA CHETTY.
M. SHAMA RAO.
B. ABDUR RAHMON.
H. VENKATARAMIAH.
M. C. RANGA IYENGAR.
H. G. BASAVAPPA.
M. SUBBIAH.
K. CHANDY.

MINUTE OF DISSENT.

I have signed the report of the Select Committee on the Income Tax Bill, but I wish to add a Note of Dissent in regard to one point and, that is, in regard to amendment of Section 3, Sub-section 2, clause 5, by which the capitalized value of a pension will be liable to income tax. With due deference, I submit that this alteration is quite inconsistent with the whole principle of the Income Tax Scheme, because it amounts to taxation of Capital values instead of being only a taxation of income. It seems to me that it is quite an unsound argument to say that a pension which, if drawn month by month, would be rightly liable to income tax, should, when it is capitalised, be also liable on the whole value. This argument can be applied to every source of income and such an application would lead to most absurd results. Suppose a person who has money invested in Mysore Government Securities or in the Shares of the Bank of Mysore withdraws or realises his investment. The application of the argument stated above would mean that he should pay income-tax on the whole value of that investment. Will this be fair or will it be consistent with the scheme of income tax? It may be said that in such a case, he may invest it in some other form which may yield income and therefore the capital need not be taxed. But, suppose, he makes this investment on agricultural land or on jewels. He will escape taxation, in the one case, because agricultural income is exempt, and in the other case, because jewelry brings no income.

Moreover, the very same argument might be applied to the capitalized pension. A person who capitalizes his pension is certainly as likely to invest it on some income producing property or discharge his debts, and in either case his income will to that extent be improved and it may continue to contribute towards income tax. On these grounds I am strongly opposed to the decision of the Select Committee on the point.

BANGALORE,
27th April 1920.

C. S. BALASUNDARAM IYER.

WD 0245—GPB—6,00,000—14-7-16—S.

From

R'd ab: 3.40 pm. after forms were sent with the 1st member

C. S. Doraiswamy Iyer Esqre

To

The Secretary, Mysore Legve Council. Bangalore

Dated 28. 4. 1920

Despatched

Received

General No. 366

No.

Enclosure No. Income tax Bill Report

Sir,

I have the honor to return herewith the draft report of the Select Committee to which the Income tax Bill was referred for Consideration with the alterations which I

proper world thereon

I have the honor to be
Sir
Your most obed[t] Serv[t]

S Doraiswamy Iyer

28. 4. 20

DIARY No. 1969
19 -19
SECTION
FILE No.

Please incorporate the amendments proposed in a copy of the Bill as amended by the Select Committee

To
The Secretary
Legislative Council,
Bangalore.

I have the honour to give notice hereby of my intention to move the subjoined amendments to the Income-tax Bill at the next meeting of the Legislative Council

I have the honour to be,
Sir,
Your most obedient Servant

M. A. Ramanujam
Member
Legislative Council

Mysore
29th April '20.

Amendments

30 APR 1920

Position that the following

(Amendments) to be moved in the Progressive Committee

(1) cl 1 (2) after 1919 add —

"is made or in force for

a period of three years from

the date of passing"

cl 2 (1)(a) omit — "issued and

printed by Government Officers

in such"

cl 2. (1)(b)(iv) proviso. omit —

"immediate"

cl 3. (7) between "authority" and

"," insert — "consisting of

[illegible] or more officers of Government"

cl 3. (2) add — "XI. Interest received

by or on behalf of the Government

of H. H. the Maharaja is to be

declared to be income-tax free."

cl 4. between "rate" and "of" insert —

"or amount"

cl 7. (V) between "revenue" and "in"

insert "municipal and local"

Amendment to the Income-tax Bill.

*****

Motion that the following ~~should~~ be added to Section 15 of the Income-tax Bill:-

"An allowance of Rs.300 per every issue - male or female - under 16 years of age be made to an assesse in calculating the minimum taxable income".

Mover Mr H Venkatarama

Seconder —

Statement of business to be transacted at the meeting of the Mysore Legislative Council to be held at 12 noon on Wednesday the 19th May 1920.

I SECRETARY'S REPORT.

Secretary's report to Council-

that Mr. C. S. Doraswamy Iyer and Mr. K. R. Srinivasa Iyengar took their seats as additional members of the Council to-day.

II. INTERPELLATIONS.

By Mr. H. Krishna Rao—

1. With reference to Government Notification No. 460—L. C., dated 6th April 1920, published in Part III of the *Mysore Gazette* dated 8th April 1920 and the speech made by the learned Chief Secretary in introducing the Bill published therewith in this Council, will Government be pleased to state: —

(1) What officers or class of officers had originally been empowered to distrain defaulters' properties under Section 160 of the Land Revenue Code of 1888?

(2) Whether any, and if so, what changes have been since made in the standing orders or rules on the subject and with what object?

(3) Whether the powers conferred by the section have at any time been exercised since it was amended in 1906, and if so what was the largest number of times it was exercised in any single year? and

(4) Whether under the corresponding section of the Bombay Code, Commissioners of Divisions or any other officers are similarly empowered to exercise the powers under the section independently of Government?

2. Will Government be pleased to state:—

(*a*) The mortality in the taluks of Narasimharajapura, Koppa and Sringeri during the months of January, February and March 1920 by influenza, small-pox and by plague and the corresponding figures during the three previous years?

(*b*) Was vaccination reported to be successful in these areas?

(*c*) Was any report submitted to the District Medical Officer by any of the Medical Officers in charge of the Hospitals and if so what action was taken thereon?

(*d*) Were these places visited by any of the medical or sanitary officers of the district or by any of the Central authorities from Bangalore and if so were the outlying villages visited?

By Mr. M. Ramachandra Rao—

3. Will the Government be pleased to state in what towns people have contributed or offered to contribute moneys towards the cost of introducing water-supply, the extent of such contributions or offers and how the water-supply schemes for such places have been dealt with?

4. Will the Government be pleased to state whether it is in the contemplation of Government to appoint a Salaries Committee similar to Committees appointed in British India for investigating the extent of the ecomomic stress on the Non-Gazetted and Subordinate Government sevices and for suggesting the extent of relief necessary to be given to them, or if they do not contemplate such appointment, what steps they intend to take for giving the required relief?

5. Will the Government be pleased to state whether they are aware of the insufficiency of train service on the newly opened State Railway lines and the

demand there is for increased service and whether any arrangement is under contemplation to meet the demand in the near future?

By M.R. H. Venkataramaiya—

6. Will the Government be pleased to state:

(*a*) What action has been taken in the matter of water-supply to the town of Tumkur from Mydala Tank?

(*b*) If it will be pleased to take the work on hand immediately and order for pipes as the rate of exchange is now very favourable and the Municipality is able and willing to pay its quota of expenditure?

By Rao Sahib H. Chennaiya

7. Will the Government be pleased to place on the table a statement showing the number of applicants according to communities for Backward class scholarships and the number of students who were in receipt of such scholarships during the years 1918-19 and 1919-20?

8. Will the Government be pleased to state:—

(1) the number of new schools and hospitals opened and the number of midwives employed in the Malnad Districts in each year since the introduction of the Malnad Improvement Scheme, and

(2) the expenditure incurred annually on that scheme since its inception?

By Mr. H. G. Basavappa—

9. Will the Government be pleased to state the various ways in which retrenchment has been effected since the establishment of the Retrenchment Committee?

10. Will the Government be pleased to state how many boys have been dealt with under the Juvenile Smoking Act since its introduction into the State and whether the Government are satisfied that the Act is properly applied by the authorities to the culprits?

By Mr. B. Abdur Rahmon—

11. Will the Government be pleased to state the number and value of scholarships that were given to Muslim students in the State during the last four years, in different classes—Primary, Secondary, High School and Collegiate?

(*b*) Have they suffered by being classed among the backward class communities? If so, what is the difference in the number of scholarships then and after?

(*c*) As the number of scholarships has diminished, will the Government be good enough to institute a separate class of scholarships tenable purely to Muslim students as was the practice before, so that a large number of poor Muslim students may be benefited thereby?

III. BILLS.

1. Bill to amend the Negotiable Instruments Regulations, 1917.

Motion that leave be granted to introduce the Bill to amend the Negotiable Instruments Regulation, 1917.

Mover—Mr. Mir Hamza Husein, B.A., B.L.

Seconder—Mr. C. S. Doraswamy Iyer, B.A., B.L.

2. Bill further to amend the Mysore Land Revenue Code, 1888.

(*a*) Motion that the Bill be read in Council—

Mover—Mr. C. S. Balasundaram Iyer, B.A.

Seconder—Mr. K. Chandy, B.A.

(*b*) Motion that the Bill need not be referred to a Select Committee and that it be taken into consideration at the next meeting of the Council.

Mover—Mr. C. S. Balasundaram Iyer, B.A.

Seconder—Mr. K. Chandy, B.A.

3. Bill further to amend the Mysore Village Courts Regulation, 1913.

(*a*) Motion that the Report of the Select Committee on the Bill further to amend the Mysore Village Courts Regulation, 1913, and the Bill be taken into consideration.

MOVER—MR. MIR HAMZA HUSEIN, B.A., B.L.

SECONDER—MR. C. S. BALASUNDARAM IYER, B.A.

(*b*) Motion that the Bill be taken up and passed at a subsequent meeting of the Council.

MOVER—MR. MIR HAMZA HUSEIN, B.A., B.L.

SECONDER—MR. C. S. BALASUNDARAM IYER, B.A.

4. The Mysore Income Tax Bill.

(*a*) Motion that the report of the Select Committee on the Income Tax Bill and the Bill be taken into consideration.

MOVER—MR. M. N. KRISHNA RAO, B.A.

SECONDER—MR. C. R. REDDY, M.A.

(*b*) Motion that the following amendments be made in the Mysore Income Tax Bill :—

Clause 1, (3), after 1919 *add*—"It shall be in force for a period of three years from the date of passing."

Clause 2, (1) (*a*), *omit*—" assessed and collected by Government Officers as such."

Clause 2, (1) (*b*) (iv) proviso, *omit*—" immediate."

Clause 2, (4), between " authority" and " as" *insert*—" consisting of three or more officers of Government."

Clause 3, (2), *add*—"XI. Interest received on any security of the Government of His Highness the Maharaja issued or declared to be income tax free."

Clause 4, between 'rate' and " of" *insert*—" or amount."

Clause 8 (v), between " revenue" and " in" *insert* " Municipal and local taxes and rates."

Clause 9 (2) (viii), after " premises" *add*—" or the business" and transpose the full stop to the end.

Clause 10 (2), between " vocation" and " provided" *insert*—" and for any professional taxes and fees paid or payable to a municipality or local authority or Government."

Clause 17 (1), for " the previous year" *substitute*—" the previous three years."

Clause 17 (2), for " nine thousand" *substitute*—" two thousand four hundred."

For " the previous year" *substitute*—" the previous three years."

Clause 18 (3), for the " the previous year" *substitute*—" the previous three years."

Clause 18 (5), for "on the aggregate.....year" *substitute*—"on the basis of the average aggregate yearly income during the previous three years."

Clause 19, after "provided" *omit*—"also".

Clause 23, after "motion" *add*—"or on the application of an assessee."

Clause 51 (1), *add* "on application by an assessee the Chief Court may require the Chief Revenue Authority to draw up such a statement and to refer it with its own opinion thereon to the Chief Court".

Clause 51 (4), *omit* "on the application of an assessee".

MOVER—MR. M. C. RANGAIENGAR.

SECONDER—MR. N. S. NANJUNDIAH.

(*c*) Motion that the following be added to Section 15 of the Income Tax Bill :—

" An allowance of Rs. 300 per every issue male or female under 16 years of age be made to an assessee in calculating the minimum taxable income."

MOVER—MR. H. VENKATARAMAIYA.

SECONDER—

d) Motion that the following amendments be made to the Income-tax Bill as amended by the Select Committee.

(1) That Section 6, Sub-Section (2) of the Mysore Income-Tax Bill as amended by the Select Committee, be omitted.

(2) That Section 9, Sub-Section (3) as amended by the Select Committee, be amended by substituting the expression "outside Mysore" for the expression 'in British India' occurring in three places in the Sub-Section.

(3) That Section 10, Sub-Section (2) of the Mysore Income-Tax Bill as amended by the Select Committee, be amended by inserting before the word 'after' occurring in the first line the following words namely:—"after making allowance for the amount of profits appearing to the assessing officer to be due to the professional work performed outside Mysore and", so that the Sub Section (2) when amended, might read as follows:—

Such profits shall be computed after making allowance for the amount of profits appearing to the assessing officer to be due to the professional work performed outside Mysore and after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purposes of such profession or vocation, provided that no allowance shall be made on account of any personal expenses of the assessee."

(4) That Section 10, Sub-Section (3) of the Mysore Income-Tax Bill as amended by the Select Committee, be omitted.

MOVER—MR. M. RAMACHANDRA RAO.

SECONDER

(*e*) Motion that the following amendment be made to the Mysore Income Bill, as amended by the Select Committee.

(i) "Add the following as a new clause 14B. Notwithstanding anything mined in clause 14 and in additional clause 14A, as proposed by the Select mittee and Schedule 1, the tax leviable from an unmarried or a childless or widowed person shall be double of what such person would have otherwise to pay and where an assessee is the lawful parent of two or more children who are under 25 years of age and whom the assessee has to maintain or where an assessee, being female, actively engaged in agricultural, commercial or educational pursuits, such assessee shall not be liable to be taxed under this Regulation, so long as such assessee gets an income below Rs. 5,000."

(ii) In sub-clause 1 of clause 36 for the words "a sum not exceeding double" occurring after the word "him" substitute the words "over and above the tax payable, an extra sum equal to 10 per cent of."

iii) In Chapter VII, delete clause 39 and renumber the subsequent clauses.

(iv) In sub-clause 1 of clause 41, omit the words "39 or section" occurring after the word "section."

(v) In sub-clause 1 of clause 41, omit the full stop occurring at the end and after the word "Collector," insert the words "who shall, however, have obtained previous sanction of the highest appellate authority constituted under this Act."

MOVER.—MR. HOSKOPPA KRISHNA RAO.

SECONDER.

(*f*) Motion that the Bill be taken up and passed at a subsequent meeting of the Council.

MOVER -M. N. KRISHNA RAO, B.A.

SECONDER MR. C. R. REDDY, M.A.

5. Bill further to amend the Mysore Excise Regulation.

Motion that the Bill be passed.

MOVER—MR. P. RAGHAVENDRA RAO, B.A., B.L.

SECONDER—MR. K. CHANDY, B.A.

IV. Motion that the following amendment be made to the Rules framed for the conduct of business at the meetings of the Legislative Council.

Rule 64 XIII under the heading 'Books and Records.

In para 2 of the above rule, for the words "as soon as may be" occurring after the word "Kanarese" substitute the words "within three weeks."

MOVER—MR. H. KRISHNA RAO.

SECONDER—MR. ABDUR RAHMON, B.A.

V.—RESOLUTIONS ON MATTERS OF GENERAL PUBLIC INTEREST.

1. "That this Council recommends to Government that a Committee may be appointed by themselves or through the Bangalore City Municipal Council, consisting of official and non-official members to determine the extent of congestion now existing in the western portion of the Bangalore City close to the Bangalore Woollen, Cotton and Silk Mills Co., Ltd., to investigate into the causes of such congestion and to suggest what remedial measures are required to remove the congestion."

MOVER—MR. M. RAMACHANDRA RAO.

SECONDER—

2. "This Council recommends to the Government that a Committee be appointed to enquire into and report the cause of the death of Mr. Subramanyam while under chloroform in the Victoria Hospital on the 21st April 1920."

MOVER—MR. H. VENKATARAMAIYA.

SECONDER—

P. MAHADEVAYYA,

Secretary,
Mysore Legislative Council

Mr M. C. R's Amendments

Cl 1 (3)

whether the imposition of income tax sh? be an addition as a permanent part of our fiscal system, or shall be of short duration for a period of 3 years as now proposed is a matter on which the financial & administrative machinery of govt ~~may~~ are better conversant. If the principle of the Bill is accepted viz that it is intended by means of direct taxation to tap the resources of the comparatively well to do classes whom hitherto the existing system of taxation has not sufficiently touched with a view to distribute the burden & incidence of taxation more equitably among all the classes of H. M's subjects & thereby to permanently augment the income of the State then I do not see how the purpose can be achieved by restricting the duration of the tax to 3 years. When the probability of lightening the general burden of taxation if need be & the removal of the income tax from the list is within sight it is not difficult to repeal the ~~Statute~~ Reg? or

to suspend the operation of it

Cl 2 (1) (a)

I take it that to claim exemption from the tax the land must be such as must a local rate in both assessable districts by not by any local body or Municipality. If so, by the deletion proposed the object will be left in doubt.

Cl 2 (1) (c) IV

The word 'immediate' is I think advised need as the intention appears to be to exclude only farm houses appurtenant to the land connected with the agricultural holding. The house must therefore be in the immediate neighbourhood of the land. By the removal of the word 'immediate' it is possible that doubt may arise as to the intention of the legislature

Cl 2 4 If this amendment is considered

to us now = But as Corresponding assessees are made liable to Br. Income tax under the Br Income tax Law we may allow the provision to stand as it is

Cl 9 (3)

If the amendment is accepted it may lead to the anomaly that a State outside Mysore other than Br. India which does not show reciprocity will obtain a benefit to which we are entitled. We can in respect of such States as are prepared to show reciprocity extend the provision under the para. given in Sec 44.

Cls 10 (2) & (3)

This is a part of the question of Double taxation - Our reg.ⁿ is based on the principle of the Br. Indian Income tax Act If the amendment meant to cut at the principle of Double taxation then it does not I think enable us to

achieve the object unless by a-
-ssociation with the Civil Courts
we are able to bring about a
modification of practice as we did
in the case of Islamia. The retention
of the clause will enable us to do it
better than the proposed removal of
the clause.

4. As regards amendment.

(a) Sir,

This tax is the maximum
limit & no collection is given the
Govt. is to levy up to that limit.
It does not mean that in every
case double rate will be levied.

(b) (2). Final provision is necessary-
-sation without reasonable cause
as Govt is what is aimed at
Moreover Sec 40 provides for safeguards
within certain limits

Cl 41 (1)

Change from Collector to Commissioner is what is probably meant This will throw additional work on the Com^r but I have no objection to the amendment being accepted

Cl 14(B) This is connected with the amendment proposed by Mr H. V Maybe Considered by the Fin: Dept

15.5.20.

Up to date copy

THE MYSORE INCOME-TAX BILL.

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SCHEDULE I ... ... RATES OF TAX
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THE MYSORE INCOME-TAX BILL.

Whereas it is expedient to impose a tax on incomes derived from certain sources, His Highness the Maharaja is pleased to enact as follows :—

Short title, extent and commencement.

1. (1) This Regulation may be called the Mysore Income-tax Regulation.

(2) It extends to the whole of Mysore; and

(3) It shall come into force on the first day of July 192

Definitions.

2. In this Regulation, unless there is anything repugnant in the subject or context,—

(1) "Agricultural income" means—

(*a*) Any rent or revenue derived from land which is used for Agricultural purposes, and is either assessed to land-revenue or subject to a local rate assessed and collected by officers of Government as such;

(*b*) Any income derived from

(*i*) agriculture, or

(*ii*) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(*iii*) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, when he does not keep a shop or stall for the sale of such produce, or

(*iv*) any building owned and occupied by the receiver or the rent or revenue of any such land as is referred to in clause (*a*). or occupied by the cultivator, or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any operation mentioned in sub-clauses (*ii*) and (*iii*) is carried on;

Provided that the building is on or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue, or the cultivator or the receiver of the rent-in-kind, by reason of his connection with the land, requires as a dwelling-house, or as a store-house or other out-building;

(2) "Assessee" means a person by whom income-tax is payable, and includes a firm and a Hindu undivided family;

(3) "Business" includes any trade, commerce, or manufacture or any adventure or concern in the nature of trade, commerce or manufacture;

(4) "Chief Revenue-authority" means such authority as Government may declare to be the Chief Revenue-authority for the purposes of this Regulation;

(5) "Collector" includes any officer whom the Government may appoint to exercise or perform all or any of the powers or duties conferred by this Regulation on a Collector, and means in relation to any assessee carrying on business, the Collector of the place where the principal place of business of such assessee is situate, and in relation to any other assessee the Collector of the place where such assessee resides;

(6) "Commissioner" includes any officer whom the Government may appoint to exercise or perform all or any of the powers or duties conferred by this Regulation on a Commissioner;

(7) "Company" means a company as defined in the Mysore Companies Regulation, 1917, and includes any foreign association carrying on business in Mysore whether incorporated or not, and whether its principal place of business is situate in Mysore or not, which the Government may, by general or special order, declare to be a company for the purposes of this Regulation;

(8) "Local authority" includes any person legally entitled to the control or management of any municipal or local fund;

(9) "Magistrate" means a Magistrate of the first class, or a Magistrate of the second class specially empowered by Government to try offences against this Regulation;

(10) "Prescribed" means prescribed by rules made under this Regulation;

(11) "Previous year" means the twelve months ending on the 30th day of June next preceding the year for which the assessment is to be made, or, if the accounts of the assessee have been made up within the said twelve months in respect of a year ending on any date other than the said 30th day of June, then at the option of the assessee the year ending on the day on which his accounts have so been made up;

Provided that, if this option has once been exercised by the assessee, it shall not again be exercised so as to vary the meaning of the expression "previous year" as then applicable to such assessee, except with the consent of the Collector and upon such conditions as he may think fit;

(12) "Principal Officer" used with reference to a local authority or a company, or any other public body or association not being a local authority or company, means;

(*a*) the secretary, treasurer, manager or agent of the authority, company, body or association, or

(*b*) any person connected with the authority, company, body or association upon whom the Collector has served a notice of his intention of treating him as the principal officer thereof, and

(12A) "Registered firm" means a firm constituted under an instrument of partnership specifying the individual shares of the partners of which the prescried particulars have been registered with the Collector in the prescribed manner.

(13) "Total income" means total income from all sources to which this Regulation applies.

CHAPTER I.

Taxable Income.

Application of Regulation.

3. (1) Save as hereinafter provided, this Regulation shall apply to all income from whatever source it is derived, if it accrues or arises or is received in Mysore or is, under the provisions of this Regulation, deemed to accrue or arise or to be received in Mysore.

(2) This Regulation shall not apply to the following classes of income:—

(*i*) Any income derived from property held under trust or other legal obligation wholly for religious or charitable purposes, and in the case of property so held in part only for such purposes, the income applied, or finally set apart for application, thereto.

(*ii*) Any income of a religious or charitable institution derived from voluntary contributions and applicable solely to religious or charitable purposes.

(*iii*) The income of local authorities.

(*iv*) Interest on securities which are held by, or are the property of, any Provident Fund to which the Provident Funds Regulation of 1916 applies.

(*v*) Any capital sum received in commutation of the whole or a portion of a pension, or in the nature of consolidated compensation for death or injuries, or in payment of any insurance policy, or as the accumulated balance at the credit of a subscriber to any such Provident Fund.

(*vi*) Any special allowance, benefit or perquisite specifically granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit.

(*vii*) Legacies.

(*viii*) Any receipts not being receipts arising from business or the exercise of a profession, vocation, or occupation, which are of a casual and non-recurring nature, or are not by way of addition to the remuneration of an employee.

(*ix*) Any perquisite or benefit which is neither money nor reasonably capable of being converted into money.

(*x*) Interest received on any security of the Government of India.

In this sub-section "charitable purpose" includes relief of the poor, education, medical relief, and the advancement of any other object of general public utility.

Agricultural income.

4. Agricultural income shall not be chargeable to income-tax; nor shall it be taken into consideration in calculating the amount of income according to which the rate of tax is to be fixed.

Classes of income chargeable to income-tax.

5. Save as otherwise provided by this Regulation the following classes of income shall be chargeable to income-tax in the manner hereinafter appearing, namely—

(*i*) Salaries.

(*ii*) Interest on securities.

(*iii*) Income derived from house property.

(*iv*) Income derived from business.

(*v*) Professional earnings.

(*vi*) Income derived from other sources.

Salaries

6. (1) The tax shall be payable by an assessee under the head "Salaries" in respect of any salary or wages, any annuity, pension or gratuity, and any fees, commissions, perquisites or profits received by him

in lieu of, or in addition to, any salary or wages, which are paid by or on behalf of Government, a local authority, a company, or any other public body or association not being a local authority or company, or by or on behalf of any private employer where such employer has entered into an agreement with the Collector in accordance with the prescribed conditions to recover the tax on behalf of Government, provided that the tax shall not be payable in respect of—

(i) any sum deducted under the authority of Government from the salary of any individual for the purpose of securing to him a deferred annuity or of making provision for his wife or children, provided that the sum so deducted shall not exceed one-sixth of the salary.

(2) Any income which would be chargeable under this head if paid in Mysore shall be deemed to be so chargeable if paid to a Mysore subject or any employee of the Government of Mysore in any part of India by Government or by a local authority established by Government.

Interest on securities.

7. The tax shall be payable by an assessee under the head "Interest on securities" in respect of the interest receivable by him on any security of the Government of His Highness the Maharaja, or on debentures or other securities for money issued by or on behalf of a local authority or a company;

Provided that no tax shall be payable on the interest receivable on any security of the Government of His Highness the Maharaja, issued or declared to be income-tax free.

Income derived from house property.

8. The tax shall be payable by an assessee under the head "Income derived from house property" in respect of the *bona fide* annual value of any house property of which he is the owner, subject to the following allowances, namely:—

(*i*) where the property is in the occupation of the owner, or where it is let to a tenant and the owner has undertaken to bear the cost of repairs, a sum equal to one-sixth of such value;

(*ii*) where the property is in the occupation of a tenant who has undertaken to bear the cost of repairs, the difference between such value and the rent paid by the tenant up to but not exceeding one-sixth of such value;

(*iii*) the amount of any annual premium paid to insure the property against risk of damage or destruction;

(*iv*) where the property is subject to a mortgage or charge or to a ground rent, the amount of any interest on such mortgage or charge or of any such ground-rent;

(*v*) any sums paid on account of land revenue or local rate or Municipal taxes in respect of the property;

(*vi*) in respect of collection charges, a sum not exceeding the prescribed maximum;

(*vii*) in respect of vacancies, such sum as the Collector may determine having regard to the circumstances of the case.

For the purposes of this section and section 9, the expression "annual value" shall be deemed to mean the sum for which the property might reasonably be expected to let from year to year;

Provided that, where house property is in the occupation of the owner, such sum shall, for the purposes of this section, be deemed not to exceed ten per cent of the aggregate income of the owner.

Income derived from business.

9. (1) The tax shall be payable by an assessee under the head "Income derived from business" in respect of the profits of any business carried on by him.

(2) Such profits shall be computed after making the following allowances, in respect of sums paid, or, in the case of depreciation, debited, namely:—

(*i*) any rent paid for the premises in which such business is carried on, or where the premises are owned by the assessee the *bona fide* annual value thereof, provided that when any substantial part of the premises is used as a dwelling-house by the assessee, the allowance under this clause shall be such sum as the Collector may determine having regard to the proportional parts so used;

(*ii*) in respect of repairs, where the assessee is the tenant only of the premises, and has undertaken to bear the cost of such repairs, the amount actually expended thereon provided that if any substantial part of the premises is used by the assessee as a dwelling-house, a proportional part only of such amount shall be allowed;

(*iii*) in respect of capital borrowed for the purposes of the business, where the payment of interest thereon is not in any way dependent on the earning of profits, the amount of the interest paid.

(*iv*) in respect of insurance against risk of damage or destruction of buildings, machinery or plant, used for the purposes of the business, the amount of any premium paid;

(*v*) in respect of current repairs to buildings, machinery or plant, the amount actually expended thereon;

(*vi*) in respect of depreciation of such buildings, machinery or plant being the property of the assessee, a sum not exceeding a percentage on the original cost thereof to the assessee to be fixed, subject to the approval of Government for different classes of buildings, machinery or plant having regard to the estimated life thereof, in determining which it shall be assumed that current repairs are executed from time to time;

Provided that—

(*a*) no such allowance shall be made unless the amount claimed has actually been debited in the ordinary accounts of the business for the previous year, and the prescribed particulars have been duly furnished;

(*b*) when in any year the full allowance admissible has not been claimed, the balance may be added to the allowance made for the following year or years;

(*c*) the aggregate of the allowances made under this sub-head shall, in no case, exceed the original cost to the assessee of the buildings, machinery or plant, as the case may be;

(*vii*) in respect of any machinery or plant which has been sold or discarded as obsolete, the difference beiween the original cost to the assessee of the machinery or plant as reduced by the aggregate of the allowances made in respect of depreciation under clause (*vi*), and the amount for which the machinery or plant is actually sold, or its scrap value.

(*viii*) any sums paid on account of land revenue, local rates or municipal taxes in respect of the premises;

(*ix*) in respect of any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of earning such profits.

(3) In computing the profits of a business which has its head-quarters in Mysore but has branches also in British India, or which is carried on partly in Mysore and partly in British India, a deduction shall be allowed of the amount of profits appearing to the assessing officer to be due to the transactions carried on in British India.

Professional earning.

10. (1) The tax shall be payable by an assessee under the head "Professional earnings" in respect of the profits of any profession, or vocation, followed by him.

(2) Such profits shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purposes of such profession or vocation, provided that no allowance shall be made on account of any personal expenses of the assessee.

(3) Profess ional fees paid in any part of India to a person ordinarily resident in Mysore shall be deemed to be income chargeable under this head.

Income derived from other sources.

11. (1) The tax shall be payable by an assessee under the head "Income derived from other sources" in respect of income and profits of every kind and from every source to which this Regulation applies (if not included under any of the preceding heads) with the exception of agricultural income.

(2) Such income and profits shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of making such income or earning such profits, provided that no allowance shall be made on account of any personal expenses of the assessee.

Exclusions of a general nature.

12. (1) In computing the amount of the income chargeable to income-tax in the case of an assessee under any of the foregoing heads, no account shall be taken of any income which the assessee enjoys as a member of a company or of a firm or of an undivided Hindu family where the company, the firm or the family is liable to the tax.

(2) There shall also be excluded from the computation any sum paid by the assessee to effect an insurance on his own life, or on the life of his wife, or in respect of a contract for a deferred annuity on his own life or on the life of his wife, or as a contribution to any provident fund to which the Provident Funds Regulation, 1916, applies;

Provided that the aggregate of any sums so excluded shall not, after taking into account any exemptions allowed in respect of like provision under the head "Salaries," exceed one-sixth of the income of the assessee which would, apart from such exclusion and exemption, be chargeable to income-tax.

Treatment of exemptions and exclusions in determining total income.

13. In computing the total income of an assessee for the purposes of Schedule I, deductions exempted under the proviso to section 6 (1), income mentioned in section 12 (1), and sums excluded under section 12 (2), shall be taken into account.

Taxable income and levy of tax thereon.

14. (1) The aggregate amount of an assessee's income chargeable under each of the heads mentioned in sections 6 to 11 shall be the taxable income of the assessee.

(2) Subject to the conditions hereinbefore set out, there shall be levied in respect of the year beginning with the first day of July and in respect of each subsequent year, by collection in that year and subsequent adjustment as hereinafter provided income-tax upon every assessee in respect of his taxable income in that year at the rate specified in Schedule I;

Provided that, where the assessee is a company or a registered firm and the taxable income of such company or firm is not less than two thousand four hundred rupees or upwards, income-tax shall be levied at the maximum rate specified in Schedule I.

Reduction of tax when margin above a certain limit is small.

14A. (1) Where owing to the fact that the total income of any person has reached or exceeded a certain limit, he is liable to pay income-tax at a higher rate, the amount of income-tax payable by him shall, where necessary, be reduced so as not to exceed the aggregate of the following amounts, namely:—

(*a*) the amount which would have been payable if his total income had been a sum less by one rupee than that limit, and

(*b*) the amount by which his total income exceeds that sum.

(2) The income-tax payable by any person shall in no case exceed the amount by which his taxable income is greater than Rs. 2,400.

CHAPTER II.

Deductions and Assessment.

Payment.

15. (1) Income-tax shall, unless otherwise prescribed in the case of any security of the Government of His Highness the Maharaja of Mysore, be deducted at the time of payment in respect of income chargeable under the following heads:—

(*i*) "Salaries": and

(*ii*) "Interest on securities."

(2) An employer or other person responsible for paying any income chargeable under the head "Salaries" shall, at the time of payment, deduct income-tax on the amount payable at the rate specified in Schedule I in respect of such amount, provided that, if the payment is a recurring one and in respect of any period less than a year, the rate shall be determined with reference to the amount which would be proportionately payable in a year. The deduction so made shall be treated as a payment of income-tax on behalf of the person from whose earnings the deduction was made, and credit shall be given to him therefor in the next adjustment under section 19.

(3) The person responsible for paying any income chargeable under the head "Interest on securities" shall, at the time of payment, deduct income-tax on the amount of the interest payable at the maximum rate specified in Schedule I. The deduction so made shall be treated as payment of income-tax on behalf of the owner of the security, and credit shall be given to him therefor in the next adjustment under section 19;

Provided that, if the owner of the security obtains a refund of any portion of the tax so deducted in accordance with the provisions of this Regulation no credit shall be given for the amount of such refund.

(4) All sums deducted in accordance with the provisions of sub-section (2) or (3) shall be paid within the prescribed time by the person making the deduction to the credit of Government or as the Government directs.

(5) If any such person does not deduct and pay the tax as required by this section, he shall, without prejudice to any other consequences which he may incur be deemed to be personally in default in respect of the tax.

(6) The power to deduct under this section shall be without prejudice to any other mode of recovery.

(7) In the case of income chargeable under any other head than those abovementioned, the tax shall be payable by the assessee direct, and shall be the amount assessed under this Regulation subject to such adjustment as aforesaid.

Annual return.

16. The prescribed person in the case of every Government office, and the principal officer of every local authority, and of every company, and of every other public body or association not being a local authority or company, and every private employer who has agreed to recover income-tax on behalf

of Government shall prepare, and within fifteen days from the 30th day of June in each year, deliver or cause to be delivered to the Collector, in the prescribed form a return in writing showing :—

(*a*) the name and, so far as it is known, the address of every person who was receiving on the said 30th day of June, or has received during the year ending on that date, from the authority, company, body, association or private employer, as the case may be, any income chargeable under the head " Salaries " of such amount as may be prescribed not being less than one thousand four hundred and forty rupees per annum ;

(*b*) the amount of the income so received by each such person, and the time or times at which the same was paid ;

(*c*) the amount deducted in respect of income-tax from each such person.

Return by assessees.

17. (1) The principal officer of every company shall prepare, and, on or before the fifteenth day of September in each year, deliver or cause to be delivered to the Collector a return in the prescribed form and verified in the prescribed manner of the total income of the company during the previous year ;

Provided that the Collector may, in his discretion, extend the date for the delivery of the return in the case of any company or class of companies.

(2) In the case of any person other than a company whose taxable income is, in the Collector's opinion, not less than two thousand four hundred rupees, the Collector shall serve a notice upon him requiring him to furnish, within such period as may be specified in the notice, a return in the prescribed form and verified in the prescribed manner setting forth (along with such other particulars as may be provided for in the notice) his total income during the previous year.

Assessment.

18. (1) If the Collector is satisfied that a return made under section 17 is correct and complete, he shall assess the sum payable by the assessee for the year in which the return is made on the basis of such return.

(2) If the Collector has reason to believe that a return made under section 17 is incorrect or incomplete, he shall serve on the person who made the return a notice requiring him, on a date to be therein mentioned, either to attend at the Collector's office and produce, or to cause to be there produced for the inspection of the Collector, such accounts and documents as the Collector may require and any evidence on which the assessee may rely in support of the return.

(3) On the day specified in the notice, or as soon afterwards as may be, the Collector, after examining such accounts and documents, and hearing any evidence which the assessee may produce and such other evidence as the Collector may require, shall, by an order in writing, determine the total income of the assessee for the previous year, and assess the sum payable by the assessee for the year in which the return is made on the basis of such determination.

(4) If the principal officer of any company or any other person fails to make a return under section 17 (1) or (2), as the case may be, or having made a return, fails to attend or fails to comply substantially with all the terms of a notice issued under section 18, sub-section (2), the Collector shall make the assessment to the best of his judgment.

(5) The sum to be assessed in every case shall be a sum calculated on the aggregate of the assessee's income in the previous year chargeable under each of the heads mentioned in sections 8 to 11 at the rate applicable to his total income in that year.

Adjustment with actual income when ascertained.

19. When the Collector has, in any year after the commencement of this Regulation for which income-tax is leviable under section 14 (2), ascertained, either from the return made by an assessee or after further inquiry, the total income actually received by or accrued to the assessee in the previous year, he shall compute the income-tax which would have been payable in respect thereof if it had been levied in such previous year with reference to the amount of the income so ascertained and the law then in force ; and the difference between the sum so computed and the aggregate of the sums already paid by or on behalf of the assessee in respect of income-tax for such previous year, shall be paid by or refunded to the assessee, as the case may be :

Provided that it shall be competent to—

(*a*) an assessee ; or

(*b*) in the case of the death or insolvency of an assessee, his representative in interest ; or

(*c*) with reference to any year for which income-tax is leviable under section 14 (2), the Collector ;

in any year to claim an immediate adjustment to date of the sums already paid by or on behalf of an assessee in that year, upon the basis of the total income actually received by or

accrued to him in that year; and upon such claim being made, all the provisions of this chapter shall apply, so far as may be necessary, for the determination of the proper sum to be paid by or refunded to the assessee or his representative in interest in respect of income-tax down to the date of such determination, and the same shall be paid or refunded accordingly.

Notice of demand.

20. When the Collector has determined a sum to be payable by an assessee under either section 18 or section 19, he shall serve on the assessee a notice of demand in the prescribed form specifying the sum so payable.

Petition against assessment under this Regulation.

21. (1) Any assessee objecting to the amount or rate at which he is assessed under section 18 or to an adjustment made under section 19, or denying his liability to be assessed under this Regulation may, unless he or, in the case of a company, the principal officer thereof, has knowingly and wilfully failed to make a return under section 17, or substantially to comply with all the terms of a notice served on him under section 18, apply by petition to the Commissioner for relief against any order of the Collector in respect of such assessment or adjustment

(2) The petition shall ordinarily be presented within thirty days of receipt of the notice of demand; but the Commissioner may receive a petition after the expiration of that peiod, if he is satisfied that the objector had sufficient cause for not presenting it within that period.

(3) The petition shall be in the prescribed form and verified in the prescribed manner

Hearing of petition.

22. The Commissioner shall fix a day and place for the hearing of the petition, and on the day and at the place so fixed, or on the day and at the place, if any, to which he has adjourned the hearing, shall hear the petition and pass such order thereon, whether by way of confirmation, reduction, enhancement or cancellation of the assessment, or adjustment or otherwise and fixing such time for payment, as he thinks fit

Power of review

23. The Chief Revenue-authority may call for the record of any assessment proceeding which has been taken by any officer subordinate to it, and make such inquiry and pass such orders thereon as it thinks fit;

Provided that it shall not pass any order enhancing the sum payable by an assessee without hearing him or giving him a reasonable opportunity of being heard either in person or by pleader.

Penal assessment.

24. If the Collector or the Commissioner in making any assessment or adjustment under this chapter is satisfied that the assessee has concealed the particulars of his income, or has deliberately furnished inaccurate particulars of such income, and has thereby returned it below its real amount, the Collector or the Commissioner may direct that the assessee shall pay, on the difference between his income as finally ascertained and the amount originally returned by him, income-tax at a rate not exceeding double the rate which would otherwise have been payable;

Provided that no such order shall be made, unless the assessee has been heard, or has been given a reasonable opportunity of being heard;

Provided further that no prosecution for an offence against this Regulation shall be instituted in respect of the same facts on which a penal assessment is made under this section.

Income escaping assessment assessable in following year.

25. If for any reason income chargeable under this Regulation has escaped assessment in any year, or has been assessed at too low a rate, the Collector may at any time in the year next following assess or re-assess such income, and all the provisions of this Regulation shall apply accordingly

Rectification of mistake.

26. The Collector may, at any time within one year from the date of any demand made upon an assessee, rectify any mistake in connection therewith which has been brought to his notice by such assessee, and make a refund to such assessee in respect thereof.

Power to take evidence on oath, etc.,

27 The Collector or Commissioner shall, for the purposes of any inquiry under this chapter, have the same powers as are vested in a Court under the Code of Civil Procedure, 1911, when trying a suit in respect of the following matters:—

(*a*) enforcing the attendance of any person and examining him on oath or affirmation;
(*b*) compelling the production of documents; and
(*c*) issuing commissions for the examination of witnesses;

and any proceeding before a Collector or Commissioner under this chapter shall be deemed to be a "judicial proceeding" within the meaning of sections 193 and 228 of the Indian Penal Code.

Power to call for information.

28. The Collector or Commissioner may, for the purposes of this Regulation,

(1) require any person to furnish a return, in the prescribed form, containing, to the best of his belief, the name and address of every person employed in his service

who is receiving in virtue of such employment any income not chargeable under the head "Salaries," of such amount as may be prescribed, not being less than one thousand four hundred and forty rupees per annum;

(2) require any firm or Hindu undivided family to furnish him with a return of the partners in the firm, or the adult male members of the family, as the case may be, and of their addresses;

(3) require any person whom he has reason to believe to be a trustee, guardian, or agent to furnish him with a return of the names of the persons for or of whom he is trustee, guardian, or agent, and of their addresses.

Power to inspect the register of members of any company.

29. The Collector or Commissioner, or any person authorised in writing in this behalf by the Collector or Commissioner, may inspect and, if necessary, take copies or cause copies to be taken of the register of members of any company or of any entry in such register.

CHAPTER III.

LIABILITY IN SPECIAL CASES.

Guardians, trustees and agents.

30. In the case of any guardian, trustee or agent of any person being a minor, lunatic or idiot or residing out of Mysore (all of which persons or hereinafter in this section included in the term beneficiary) being in receipt on behalf of such beneficiary of any income chargeable under this Regulation, the tax shall be levied upon and recoverable from such guardian, trustee or agent, as the case may be, in like manner and to the same amount as it would be leviable upon and recoverable from any such beneficiary if of full age, sound mind, or resident in Mysore, and in direct receipt of such income, and all the provisions of this Regulation shall apply accordingly.

Administrator-General of Madras, Receivers or Managers.

31. In the case of income chargeable under this Regulation which is received by the Administrator-General, Madras, under Regulation IV of 1910 or by any receiver or manager including any person whatever his designation who in fact manages property on behalf of another) appointed by or under any order of a Court, the tax shall be levied upon and recoverable from such Administrator-General, receiver or manager in like manner and to the same amount as it would be leviable upon and recoverable from any person on whose behalf such income is received, and all the provisions of this Regulation shall apply accordingly.

Non-resident.

32. (1) In the case of any person residing out of Mysore, all profits or gains accruing or arising to such person, whether directly or indirectly, through or from any business connection in Mysore, shall be deemed to be income accruing or arising within Mysore and shall be chargeable to income-tax in the name of the agent of any such person, and such agent shall be deemed to be for all the purposes of this Regulation the assessee in respect of such income-tax;

Provided that any arrears of tax may be recovered also in accordance with the provisions of this Regulation from any assets of the non-resident person which are, or may at any time come, within Mysore.

(2) Where a person not resident in Mysore and not being a British subject or a subject of His Highness the Maharaja or a firm or company constituted within His Majesty's dominion or the Mysore State, or a branch thereof, carries on business with a person resident in Mysore, and it appears to the Collector or the Commissioner, as the case may be, that owing to the close connection between the resident and the non-resident person and to the substantial control exercised by the non-resident over the resident, the course of business between those persons is so arranged, that the business done by the resident in pursuance of his connection with the non-resident produces to the resident either no profits or less than the ordinary profits which might be expected to arise in that business, the profits derived therefrom or which may reasonably be deemed to have been derived therefrom, shall be chargeable to income-tax in the name of the resident person who shall be deemed to be, for all the purposes of this Regulation, the assessee in respect of such income-tax.

Agent to include persons treated as such.

33. Any person employed by or on behalf of a person residing out of Mysore, or having any business connection with such person, upon whom the Collector has caused a notice to be served of his intention of treating him as the agent of the non-resident person shall for the purposes of this Regulation, be deemed to be such agent;

Provided that no person shall be deemed to be the agent of a non-resident person, unless he has had an opportunity of being heard by the Collector as to his liability.

CHAPTER IV.

RECOVERY OF TAX.

Tax when payable.

34. The amount of income-tax specified as payable in a notice of demand under section 20 or an order under section 22, section 23, or section 24, shall be paid within the time, at the place and to the person mentioned in the notice or order, or if a time is not so mentioned, then on or before the first day of the second month following the date of the notice or order, and any assessee failing so to pay shall be deemed to be in default, provided that, when an assessee has presented a petition under section 21, the Collector may, in his discretion, treat the assessee as not being in default as long as such petition is undisposed of.

Mode and time of recovery.

35. (1) When an assessee is in default in making a payment of income-tax, the Collector, in his discretion, may recover from him a sum not exceeding double the amount of the tax, either as if it were an arrear of land revenue, or by any process enforceable for the recovery of an arrear of any municipal tax or local rate imposed under any enactment for the time being in force in any part of Mysore.

(2) If any assessee is in receipt of any income chargeable under the head "Salaries, the Collector may require any person paying the same to deduct from any payment subsequent to the date of such requisition any sum recoverable under sub-section (1), and such person shall comply with any such requisition and shall pay the sums so deducted to the credit of Government, or as Government directs.

(3) Government may direct by what authority any powers or duties incident under any such enactment as aforesaid to the enforcement of any process for the recovery of a municipal tax or local rate shall be exercised or performed when that process is employed under sub-section (1), for the recovery of income-tax.

(4) Government may direct, with respect to any specified area, that income-tax shall be recovered therein, with, and as an addition to, any municipal tax or local rate by the same person and in the same manner as the municipal tax or local rate is recovered.

(5) Save in accordance with the provisions of section 32 (1), no proceedings for the recovery of any sum payable under this Regulation shall be commenced after the expiration of one year from the last day of the year in which any demand is made under this Regulation.

CHAPTER V

REFUNDS TO SHAREHOLDERS AND OTHERS.

Refund to individual shareholders, partners and owners of securities.

36 If—

(*a*) a shareholder in a company who has received any dividend from company; or

(*b*) a partner in a firm on which income-tax has been levied at the maximum rate, in accordance with the proviso to section 14, who has received a share of the profits of the firm; or

(*c*) the owner of a security from the interest on which income-tax has been deducted in accordance with the provisions of section 15

s the Collector that his total income in the previous year was less than any one, as the case may be, of the amounts specified in Schedule II, he shall be entitled to a refund of a sum calculated on such dividend, share of profits or interest at the rates specified in the same Schedule against each such amount

Limitation of claims for refund.

37. No claim to any refund under section 36 shall be allowed, unless it is made within one year from the last day of the year to which the claim relates.

CHAPTER VI.

OFFENCES AND PENALTIES

Failure to make payments or deliver returns or statements or allow inspection.

38. If a person fails without reasonable cause or excuse—

(*a*) to deduct and pay any tax as required by section 15 or under section 35 (2);

(*b*) to deliver or cause to be delivered to the Collector in due time any of the returns mentioned in section 16, section 17, or section 28;

(*c*) to grant inspection or allow copies to be taken in accordance with the provisions of section 29;

(*d*) to attend or to produce, or cause to be produced, on or before the date mentioned in a notice under section 18, such accounts and documents as are referred to in the notice,

he shall, on conviction before a Magistrate, be punishable with fine which may extend to ten rupees for every day during which the default continues.

False statement in declaration.

39. If a person makes a statement in a verification mentioned in section 17 or section 21 (3) which is false, and which he either knows or believes to be false or does not believe to be true, he shall be deemed to have committed the offence described in section 177 of the Indian Penal Code.

Prosecution to be at instance of Collector.

40. (1) A person shall not be proceeded against for an offence under section 38 or section 39 except at the instance of the Collector specially empowered in this behalf.

(2) The Collector may stay any such proceeding or compound any such offence.

Disclosure of information by public servant.

41. All particulars contained in any statement or return made or furnished under the provisions of this Regulation shall be treated as confidential, and if a public servant discloses any particulars contained in any statement or return made or furnished under this Regulation he shall be punishable with imprisonment which may extend to six months, and shall also be liable to fine :

Provided that no prosecution shall be instituted under this section, except with the previous sanction of Government.

CHAPTER VII.

MISCELLANEOUS.

Power to make rules.

42. (1) The Government may make rules for carrying out the purposes of this Regulation and for the ascertainment and determination of any class of income.

(2) Without prejudice to the generality of the foregoing power, such rules may—

(*a*) When income is derived in part from agriculture and in part from business, prescribe the manner, whether with reference to a class or in particular cases, by which the taxable income shall be arrived at ;

(*b*) prescribe the manner in which, and the procedure by which, the taxable income of Insurance Companies shall be arrived at ;

(*c*) prescribe the manner in which and the procedure by which the taxable income of persons not resident in Mysore, or of persons deemed to be assessees in respect thereof, shall be arrived at ;

(*d*) provide for a system of composition of assessments and prescribe the conditions under which the Collector may enter into composition with assessees as to their assessment ;

(*e*) prescribe the procedure to be followed on applications for refunds ;

(*f*) provide for any matter which by this Regulation is to be prescribed.

(3) Rules made under this section shall be published in the *Mysore Gazette*, and shall thereupon have effect as if enacted in this Regulation.

Power to make exemptions, etc.

43. The Government may, by notification in the *Mysore Gazette*, make an exemption reduction in rate or other modification, in respect of income-tax in favour of any class of income, or in regard to the whole or any part of the income of any class of persons.

Receipts and their contents.

44. When any money is paid under this Regulation to the Collector, or is recovered thereunder by him, he shall give a receipt for the same, specifying the prescribed particulars.

Service of notices.

45. A notice or requisition under this Regulation may be served on the person therein named, either by post, or by the delivery or tender to him of a copy of the notice or requisition in the manner provided by the Code of Civil Procedure, 1911, for the service of summons.

Power to declare principal places of business.

46. (1) When an assessee has several places of business in Mysore Government may declare which of them shall, for the purposes of this Regulation, be deemed to be his principal place of business.

(2) The powers given by this section may be delegated to, and exercised by, such officers as the Government may appoint in this behalf.

Indemnity.

47. Every person deducting, retaining or paying any tax in pursuance of this Regulation in respect of income belonging to another person is hereby indemnified for the deduction, retention or payment thereof.

Powers exercisable from time to time.

48. All powers conferred by, or exercisable under, this Regulation may be exercised from time to time as occasion requires.

Delegation of certain powers of Government.

49. Government may, by notification in the *Mysore Gazette*, delegate to the Chief Revenue-authority all or any of the powers conferred on it by this Regulation for the appointment of officers to exercise or perform the powers or duties of Collectors or Commissioners, and all or any of the powers conferred on it by section 35 and the proviso to section 41.

Statement of case by Chief Revenue-authority to Chief Court.

50. (1) If, in the course, of any assessment under this Regulation or any proceeding in connection therewith other than a proceeding under Chapter VI a question has arisen with reference to the interpretation of any of the provisions of this Regulation or of any rule thereunder, the Chief Revenue-authority may, either on its own motion or on reference from any Revenue officer subordinate to it, draw up a statement of the case, and refer it, with its own opinion thereon, to the Chief Court, and shall so refer any such question on the application of the assessee, unless it is satisfied that the application is frivolous or that a reference is unnecessary.

(2) If the Chief Court is not satisfied that the statements contained in the case are sufficient to enable it to determine the questions raised thereby, the Court may refer the case back to the Revenue authority by which it was stated, to make such additions thereto, or alterations therein, as the Court may direct in that behalf.

(3) The Chief Court upon the hearing of any such case shall decide the questions raised thereby, and shall deliver its judgment thereon containing the grounds on which such decision is founded, and shall send to the Revenue-authority by which the case was stated a copy of such judgment under the seal of the Court and the signature of the Registrar; and the Revenue-authority shall dispose of the case accordingly, or, if the case arose on reference from any Revenue officer subordinate to it, shall forward a copy of such judgment to such officer who shall dispose of the case conformably to such judgment.

(4) Where a reference is made to the Chief Court on the application of an assessee, cost shall be in the discretion of the Court.

ar of suits in Civil Court.

51. No suit shall be brought in any Civil Court to set aside or modify any assessment made under this Regulation, and no prosecution, suit or other proceeding shall lie against any Government Officer for anything in good faith done or intended to be done under this Regulation.

SCHEDULE No. I.

Rates of Tax.

	Rate.
When the Taxable income is less than Rs. 2,400	Nil.
Do do Rs. 2,400 or upwards—	
(i) when total income is Rs. 2,400 or upwards but is less than Rs. 9,000	3 pies in the rupee.
(ii) when total income is Rs. 9,000 or upwards but is less than Rs. 25,000	4½ do
(iii) when total income is Rs. 25,000 or upwards but is less than Rs. 50,000	6 do
(iv) when total income is Rs. 50,000 or upwards but is less than Rs. 75,000	9 do
(v) when total income is Rs. 75,000 or upwards ...	1 anna in the rupee.

SCHEDULE II.

Rates of Refund.

Amount.	*Refund.*
(i) Less than Rs. 2,400	1 anna in the rupee.
(ii) Rs. 2,400 or upwards but less than Rs. 9,000	9 pies in the rupee.
(iii) Rs. 9,000 do Rs. 25,000	7½ do
(iv) Rs. 25,000 do Rs. 50,000	6 do
(v) Rs. 50,000 do Rs. 75,000	3 do

WD 2681—GPB—200—7-6-20

POSTS & TELEGRAPHS.

NOTICE.
Accompany any inquiry made respecting this Telegram

Charges to pay.
Rs. | As.

Office Stamp

Handed in at (Office of Origin)	Date	Hour.	Minute.	Service Instructions.	Words.
Yercaud	28	12	-		13

Read here 6 H. 5-4 M.

TO Mahadevayya
Secretary Legislative Council
Public Offices Bangalore
Approved Chandy member
legislative Council

N.B.—The name of the Sender, &c., is written after the text.

Bel Chand & Sons—7262—18-10-18—3,50,000 Blks. (Rdn. 4)

POSTS TELEGRAPHS. 147

NOTICE.
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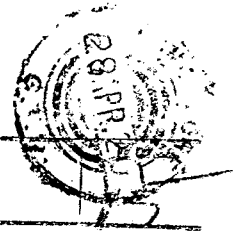

Handed in at (Office of Origin).	Date.	Hour.	Minute.	Service Instructions.
~~Shimoga~~	28	11	30	

Recd. here at 12 12 P.

TO Secretary legislative Council.
Bangalore

I approve income tax bill Select Committee report

Reading telegraphic
28 April

N.B.—The name of the Sender, if telegraphed, is written after the term.

Ram Chand & Sons—3245—13-10-19—5,00,000 Bks. (Rds. I).

142.

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R 0/28/W 29

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Rs.	As.

BANGALORE CANTONMENT G.T.O.

Handed in at Office of Origin.	Date	Hour	Minute.	Service Instructions.	Words.
Tumkur city	27	16	10		10

Handed here at 1 h. 26 m.

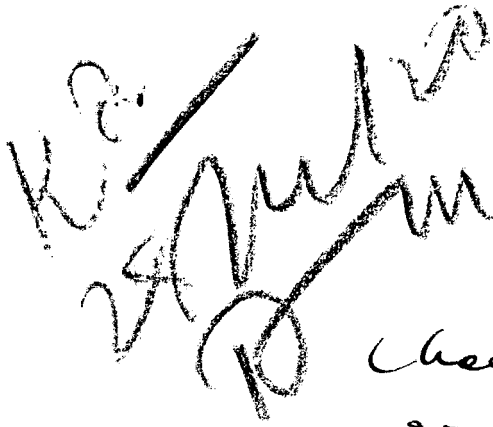
To Secretary legislative Council
Bangalore

Report a/r ved

h venkatarama-maiya

—and & Sons] —The name of the Sender, if telegraphed, is written after the words

-10-19—2,00,000 Bks. (Edn. I).



Chiangmai
27 April 20

Dear Her Excellency

Your official No
503-513 of yesterday
I approve the report
of the Select Committee
on Income-tax bill I
have some suggestions about
the levy of the tax on the
capitalized Value of ~

pensions etc We shall
of course have an opportunity of reconsidering
our position before the
bill becomes law and
hence it may stand for
the present

Yours sincerely
Ks. Shivarao

60

POSTS TELEGRAPHS.

NOTICE

This form must accompany any inquiry made respecting this Telegram.

Charges to pay.

Rs.	As.

Handed in at (Office of Origin)	Date	Hour.	Minute.	Service Instructions	Words
Mysore C.	27	8	55		12

To Received at 10 H. 38 M.

Secretary Legislative
Council Bangalore
Approve report generally
Subject recommendations of
Rangacharya

R. S. VI.—S-III/14]

DRAFT.

SUBJECT.....

.....

.....

Section. Legis
File No.
Serial No.

Proceedings of the Government of H. H. the Maharaja of Mysore.

Diary No. of letter replied to.....

GENERAL AND REVENUE SECRETARIAT,

( )

, *the*.....*191*

Order No. G 27763

Ordered that the accompanying Regulation for the levy of Income Tax in Mysore which received the assent of His Highness the Maharaja, on the 12th day of June 1920 be published as Regulation No. VI of 1920, in the *Mysore Gazette* for general information.

Date of issue 19/6/20

Signed by Mr P. M.

D Mahadevappa
for *Secretary to Government.*

May this be

(i) Printed?

(ii) Treated as a standing order?

(iii) Published in the "Gazette" English part?

(iv) Translated?

(v) Placed at the disposal of the Press?

(vi) Published in the "Gazette" Kannada part?

To

The Compiler, *Mysore Gazette*, for publication in ~~Part III of the~~ a Gazette in English and Kannada and for supply of 300 spare copies in English, and 100 spare copies in Kannada to this office, and 500 spare copies in English and 300 spare copies in Kannada to the Curator, Government Central Book Depot, Bangalore. ~~Proofs should be sent to this office for approval before publication.~~ Extraordinary

(+) A revised copy of the Income Tax Bill has been sent to the Press yesterday evening.

in Part III of the next issue of the Gazette in

Apr 1976

G. R. S. VI—G/32]

SUBJECT.....

.....

.....

Diary No. of letter replied to.....

GENERAL AND REVENUE SECRETARIAT

, the *191*

Date of issue 21/6/20

Mr P. M.

Section

File No.

Serial No.

Notification

No. G 27873 / Legi

Erratum

In the Income tax Regulation published in the Gazette Extraordinary of the 19th June 1920 the following Corrections shall be made:—

In section 7, sub-section (2) clause (vi) line 3, insert a comma after the word Government

P T O

2. In S. 14 sub section (2) line 3, insert a comma after the word person

3. In Sec 3, line 2 for the word "or" occurring after the word "person" substitute

4. In the footnote at the page 10 for "Act VII, 1919, has been repealed by" substitute "Act VII of 1918, has been repealed by"

5. In section 37, clause (a), between the words "from and "Company", insert the word "or"

6. In section 44, line 1, after the word "exemption" insert a comma

7. In section 47, sub section (1), line 1 after insert a comma

G.R.S. 27]

GENERAL AND REVENUE SECRETARIAT.

(*Continuation sheet draft form.*)

after the word "Income"

8. At the end of section 49 insert a full stop.

9. In section 51 sub-section (1), omit the comma occurring after the word "Court"

10. In sub section 4 of the same Section for the word "cost" substitute "costs".

11. In schedule I for "line 2 substitute" for "Do do" read "when the taxable income is Rs 2400 or upwards"

12. In line 6 of the same schedule for "4 1/4" substitute "4 1/2" read "4 1/2"

Rejected

Dr 11/6

Dr Chief Secy

go

GPO—30,900—16-2-14

G. R. S. VI.—S-III/16]

DRAFT.

SUBJECT.....

.....

.....

Section.
File No.
Serial No.

No. Pol 2/Encl 39

Diary No. of letter replied to.....

To

The First Assistant to the Hon'ble
the Resident in Mysore.

GENERAL AND REVENUE SECRETARIAT,

( )

, the.....*191*

Date of issue.....1st July 1920

Signed by.....Jas C S B Iyer

SIR,

In continuation

I am directed to forward herewith 39

copies of the Income Tax Regu

tion, 1920, and the Ende

thereunder

.....

.....

.....

.....

I have etc.,

3/7/16

Secretary to Government.

In continuation of this office letter No 8.2554 3-10-5-14

Apr 3/16

THE MYSORE INCOME-TAX REGULATION.

(No. VI OF 1920.)

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2. Definitions.

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38. Limitation of claims for refund.

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52. Bar of suits in Civil Court.

SCHEDULE I ... ... RATES OF TAX
SCHEDULE II ... ... RATES OF REFUND

REGULATION No. VI OF 1920.

THE MYSORE INCOME-TAX REGULATION.

(Received the assent of His Highness the Maharaja on the 17th day of June 1920.)

Whereas it is expedient to impose a tax on incomes derived from certain sources, His Highness the Maharaja is pleased to enact as follows :—

Short title, extent and commencement.

1. (1) This Regulation may be called the Mysore Income-tax Regulation, 1920;

(2) It extends to the whole of Mysore; and

(3) It shall come into force on the first day of July 1920.

Definitions.

2. In this Regulation, unless there is anything repugnant in the subject or context,—

(1) "Agricultural income" means—

(*a*) Any rent or revenue derived from land which is used for agricultural purposes, and is either assessed to land-revenue or subject to a local rate assessed and collected by officers of Government as such;

(*b*) Any income derived from

(*i*) agriculture, or

(*ii*) the performance by a cultivator or receiver of rent-in-kind of any process ordinarily employed by a cultivator or receiver of rent-in-kind to render the produce raised or received by him fit to be taken to market, or

(*iii*) the sale by a cultivator or receiver of rent-in-kind of the produce raised or received by him, when he does not keep a shop or stall for the sale of such produce, or

(*iv*) any building owned and occupied by the receiver or the rent or revenue of any such land as is referred to in clause (*a*), or occupied by the cultivator, or the receiver of rent-in-kind, of any land with respect to which, or the produce of which, any operation mentioned in sub-clauses (*ii*) and (*iii*) is carried on;

Provided that the building is on or in the immediate vicinity of the land, and is a building which the receiver of the rent or revenue, or the cultivator or the receiver of the rent-in-kind, by reason of his connection with the land, requires as a dwelling-house, or as a store-house or other out-building;

(2) "Assessee" means a person by whom income-tax is payable, and includes a firm and a Hindu undivided family;

(3) "Business" includes any trade, commerce, or manufacture or any adventure or concern in the nature of trade, commerce or manufacture;

(4) "Chief Revenue-authority" means such authority as Government may declare o be the Chief Revenue-authority for the purposes of this Regulation;

(5) "Collector" includes any officer whom the Government may appoint to exercise or perform all or any of the powers or duties conferred by this Regulation on a Collector, and means in relation to any assessee carrying on business, the Collector of the place where the principal place of business of such assessee is situate, and in relation to any other assessee the Collector of the place where such assessee resides;

(6) "Commissioner" includes any officer whom the Government may appoint to exercise or perform all or any of the powers or duties conferred by this Regulation on a Commissioner;

(7) "Company means a company as defined in the Mysore Companies Regulation, 1917, and includes any foreign association carrying on business in Mysore whether incorporated or not, and whether its principal place of business is situate in Mysore or not, which the Government may, by general or special order, declare to be a company for the purposes of this Regulation;

(8) "Local authority" includes any person legally entitled to the control or management of any municipal or local fund;

(9) "Magistrate" means a Magistrate of the first class, or a Magistrate of the second class specially empowered by Government to try offences against this Regulation;

(10) "Prescribed" means prescribed by rules made under this Regulation;

(11) "Previous year" means the twelve months ending on the 30th day of June next preceding the year for which the assessment is to be made, or, if the accounts of the assessee have been made up within the said twelve months in respect of a year ending on any date other than the said 30th day of June, then at the option of the assessee the year ending on the day on which his accounts have so been made up;

N.B.—The numbering of chapters and sections of the Government of India Act, 1918, is adopted for convenience of reference.

Provided that, if this option has once been exercised by the assessee, it shall not again be exercised so as to vary the meaning of the expression "previous year" as then applicable to such assessee, except with the consent of the Collector and upon such conditions as he may think fit.

(12) "Principal officer" used with reference to a local authority or a company, or any other public body or association not being a local authority or company, means—

(*a*) the secretary, treasurer, manager or agent of the authority, company, body or association, or

(*b*) any person connected with the authority, company, body or association upon whom the Collector has served a notice of his intention of treating him as the principal officer thereof; and

(12A) "Registered firm" means a firm constituted under an instrument of partnership specifying the individual shares of the partners of which the prescried particulars have been registered with the Collector in the prescribed manner.

(13) "Total income" means total income from all sources to which this Regulation applies.

CHAPTER I.

Taxable Income.

Application of Regulation.

3. (1) Save as hereinafter provided, this Regulation shall apply to all income from whatever source it is derived, if it accrues or arises or is received in Mysore or is, under the provisions of this Regulation, deemed to accrue or arise or to be received in Mysore.

(2) This Regulation shall not apply to the following classes of income:—

(*i*) Any income derived from property held under trust or other legal obligation wholly for religious or charitable purposes, and in the case of property so held in part only for such purposes, the income applied, or finally set apart for application, thereto.

(*ii*) Any income of a religious or charitable institution derived from voluntary contributions and applicable solely to religious or charitable purposes.

(*iii*) The income of local authorities.

(*iv*) Interest on securities which are held by, or are the property of, any Provident Fund to which the Provident Funds Regulation, 1916, applies.

(*v*) Any capital sum received in commutation of the whole or a portion of a pension, or in the nature of consolidated compensation for death or injuries, or in payment of any insurance policy, or as the accumulated balance at the credit of a subscriber to any such Provident Fund.

(*vi*) Any special allowance, benefit or perquisite specifically granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit.

(*vii*) Legacies.

(*viii*) Any receipts not being receipts arising from business or the exercise of a profession, vocation, or occupation, which are of a casual and non-recurring nature, or are not by way of addition to the remuneration of an employee.

(*ix*) Any perquisite or benefit which is neither money nor reasonably capable of being converted into money.

(*x*) Interest received on any security of the Government of India.

In this sub-section "charitable purpose" includes relief of the poor, education, medical relief, and the advancement of any other object of general public utility.

Agricultural income.

4. Agricultural income shall not be chargeable to income-tax; nor shall it be taken into consideration in calculating the amount of income according to which the rate of tax is to be fixed.

Classes of income chargeable to income-tax.

5. Save as otherwise provided by this Regulation the following classes of income shall be chargeable to income-tax in the manner hereinafter appearing, namely—

(*i*) Salaries.

(*ii*) Interest on securities.

(*iii*) Income derived from house property.

(*iv*) Income derived from business.

(*v*) Professional earnings.

(*vi*) Income derived from other sources.

Salaries

6. (1) The tax shall be payable by an assessee under the head "Salaries" in respect of any salary or wages, any annuity, pension or gratuity, and any fees, commissions, perquisites or profits received by him

* Adopted from the Government of India amending Act XVII of 1920.

in lieu of, or in addition to, any salary or wages, which are paid by or on behalf of Government, a local authority, a company, or any other public body or association not being a local authority or company, or by or on behalf of any private employer where such employer has entered into an agreement with the Collector in accordance with the prescribed conditions to recover the tax on behalf of Government, provided that the tax shall not be payable in respect of any sum deducted under the authority of Government from the salary of any individual for the purpose of securing to him a deferred annuity or of making provision for his wife or children, provided that the sum so deducted shall not exceed one-sixth of the salary.

(2) Any income which would be chargeable under this head if paid in Mysore shall be deemed to be so chargeable if paid to a Mysore subject or any employee of the Government of Mysore in any part of India by Government or by a local authority established by Government.

Interest on securities.

7. The tax shall be payable by an assessee under the head "Interest on securities" in respect of the interest receivable by him on any security of the Government of His Highness the Maharaja, or on debentures or other securities for money issued by or on behalf of a local authority or a company;

Provided that no tax shall be payable on the interest receivable on any security of the Government of His Highness the Maharaja, issued or declared to be income-tax free.

Income derived from house property

8. The tax shall be payable by an assessee under the head "Income derived from house property" in respect of the *bona fide* annual value of any house property of which he is the owner, subject to the following allowances, namely:—

(*i*) where the property is in the occupation of the owner, or where it is let to a tenant and the owner has undertaken to bear the cost of repairs, a sum equal to one-sixth of such value;

(*ii*) where the property is in the occupation of a tenant who has undertaken to bear the cost of repairs, the difference between such value and the rent paid by the tenant up to but not exceeding one-sixth of such value;

(*iii*) the amount of any annual premium paid to insure the property against risk of damage or destruction;

(*iv*) where the property is subject to a mortgage or charge or to a ground rent, the amount of any interest on such mortgage or charge or of any such ground-rent;

(*v*) any sums paid on account of land revenue or local rate or Municipal taxes in respect of the property;

(*vi*) in respect of collection charges, a sum not exceeding the prescribed maximum;

(*vii*) in respect of vacancies, such sum as the Collector may determine having regard to the circumstances of the case.

For the purposes of this section and section 9, the expression "annual value" shall be deemed to mean the sum for which the property might reasonably be expected to let from year to year;

Provided that, where house property is in the occupation of the owner, such sum shall, for the purposes of this section, be deemed not to exceed ten per cent of the aggregate income of the owner.

Income derived from business.

9. (1) The tax shall be payable by an assessee under the head "Income derived from business" in respect of the profits of any business carried on by him.

(2) Such profits shall be computed after making the following allowances, in respect of sums paid, or, in the case of depreciation, debited, namely:—

(*i*) any rent paid for the premises in which such business is carried on, or where the premises are owned by the assessee the *bona fide* annual value thereof, provided that when any substantial part of the premises is used as a dwelling-house by the assessee, the allowance under this clause shall be such sum as the Collector may determine having regard to the proportional parts so used;

(*ii*) in respect of repairs, where the assessee is the tenant only of the premises, and has undertaken to bear the cost of such repairs, the amount actually expended thereon provided that if any substantial part of the premises is used by the assessee as a dwelling-house, a proportional part only of such amount shall be allowed;

(*iii*) in respect of capital borrowed for the purposes of the business, where the payment of interest thereon is not in any way dependent on the earning of profits, the amount of the interest paid.

(iv) in respect of insurance against risk of damage or destruction of buildings, machinery or plant, used for the purposes of the business, the amount of any premium paid;

(v) in respect of current repairs to buildings, machinery or plant, the amount actually expended thereon;

(vi) in respect of depreciation of such buildings, machinery or plant being the property of the assessee, a sum not exceeding a percentage on the original cost thereof to the assessee to be fixed, subject to the approval of Government, for different classes of buildings, machinery or plant having regard to the estimated life thereof, in determining which it shall be assumed that current repairs are executed from time to time;

Provided that—

(a) no such allowance shall be made unless the amount claimed has actually been debited in the ordinary accounts of the business for the previous year, and the prescribed particulars have been duly furnished;

(b) where in any year the full allowance admissible has not been claimed, the balance may be added to the allowance made for the following year or years;

(c) the aggregate of the allowances made under this sub-head shall, in no case, exceed the original cost to the assessee of the buildings, machinery or plant, as the case may be;

(vii) in respect of any machinery or plant which has been sold or discarded as obsolete, the difference between the original cost to the assessee of the machinery or plant as reduced by the aggregate of the allowances made in respect of depreciation under clause (vi), and the amount for which the machinery or plant is actually sold, or its scrap value;

(viii) any sums paid on account of land revenue, local rates or municipal taxes in respect of the premises;

(ix) in respect of any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of earning such profits.

(3) In computing the profits of a business which has its head-quarters in Mysore but has branches also in British India, or which is carried on partly in Mysore and partly in British India, a deduction shall be allowed of the amount of profits appearing to the assessing officer to be due to the transactions carried on in British India.

Professional earnings.

10. (1) The tax shall be payable by an assessee under the head "Professional earnings" in respect of the profits of any profession, or vocation, followed by him.

(2) Such profits shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purposes of such profession or vocation, provided that no allowance shall be made on account of any personal expenses of the assessee.

(3) Professional fees paid in any part of India to a person ordinarily resident in Mysore shall be deemed to be income chargeable under this head.

Income derived from other sources.

11. (1) The tax shall be payable by an assessee under the head "Income derived from other sources" in respect of income and profits of every kind and from every source to which this Regulation applies (if not included under any of the preceding heads) with the exception of agricultural income.

(2) Such income and profits shall be computed after making allowance for any expenditure (not being in the nature of capital expenditure) incurred solely for the purpose of making such income or earning such profits, provided that no allowance shall be made on account of any personal expenses of the assessee.

Exclusions of a general nature.

12. (1) In computing the amount of the income chargeable to income-tax in the case of an assessee under any of the foregoing heads, no account shall be taken of any income which the assessee enjoys as a member of a company or of a firm or of an undivided Hindu family where the company, the firm or the family is liable to the tax.

(2) There shall also be excluded from the computation any sum paid by the assessee to effect an insurance on his own life, or on the life of his wife, or in respect of a contract for a deferred annuity on his own life or on the life of his wife, or as a contribution to any provident fund to which the Provident Funds Regulation, 1916, applies;

Provided that the aggregate of any sums so excluded shall not, after taking into account any exemptions allowed in respect of like provision under the head "Salaries," exceed one-sixth of the income of the assessee which would, apart from such exclusion and exemption, be chargeable to income-tax.

Treatment of exemptions and exclusions in determining total income.

13. In computing the total income of an assessee for the purposes of Schedule I, deductions exempted under the proviso to section 6 (1), income mentioned in section 12 (1), and sums excluded under section 12 (2), shall be taken into account.

Taxable income and levy of tax thereon.

14. (1) The aggregate amount of an assessee's income chargeable under each of the heads mentioned in sections 6 to 11 shall be the taxable income of the assessee.

(2) Subject to the conditions hereinbefore set out, there shall be levied in respect of the year beginning with the first day of July and in respect of each subsequent year, by collection in that year and subsequent adjustment as hereinafter provided, income-tax upon every assessee in respect of his taxable income in that year at the rate specified in Schedule I;

Provided that, where the assessee is a company or a registered firm and the taxable income of such company or firm is two thousand four hundred rupees or upwards, income-tax shall be levied at the maximum rate specified in Schedule I.

Reduction of tax when margin above a certain limit is small.

14A. (1) Where owing to the fact that the total income of any person has reached or exceeded a certain limit, he is liable to pay income-tax at a higher rate, the amount of income-tax payable by him shall, where necessary, be reduced so as not to exceed the aggregate of the following amounts, namely:—

(*a*) the amount which would have been payable if his total income had been a sum less by one rupee than that limit, and

(*b*) the amount by which his total income exceeds that sum.

(2) The income-tax payable by any person shall in no case exceed the amount by which his taxable income is greater than Rs. 2,400.

CHAPTER II.

Deductions and Assessment.

Payment.

15. (1) Income-tax shall, unless otherwise prescribed in the case of any security of the Government of His Highness the Maharaja of Mysore, be deducted at the time of payment in respect of income chargeable under the following heads:—

(*i*) "Salaries": and

(*ii*) "Interest on securities."

(2) An employer or other person responsible for paying any income chargeable under the head "Salaries" shall, at the time of payment, deduct income-tax on the amount payable at the rate specified in Schedule I in respect of such amount, provided that, if the payment is a recurring one and in respect of any period less than a year, the rate shall be determined with reference to the amount which would be proportionately payable in a year. The deduction so made shall be treated as a payment of income-tax on behalf of the person from whose earnings the deduction was made, and credit shall be given to him therefor in the next adjustment under section 19.

(3) The person responsible for paying any income chargeable under the head "Interest on securities" shall, at the time of payment, deduct income-tax on the amount of the interest payable at the maximum rate specified in Schedule I. The deduction so made shall be treated as payment of income-tax on behalf of the owner of the security, and credit shall be given to him therefor in the next adjustment under section 19;

Provided that, if the owner of the security obtains a refund of any portion of the tax so deducted in accordance with the provisions of this Regulation no credit shall be given for the amount of such refund.

(4) All sums deducted in accordance with the provisions of sub-section (2) or (3) shall be paid within the prescribed time by the person making the deduction to the credit of Government or as the Government directs.

(5) If any such person does not deduct and pay the tax as required by this section, he shall, without prejudice to any other consequences which he may incur, be deemed to be personally in default in respect of the tax.

(6) The power to deduct under this section shall be without prejudice to any other mode of recovery.

(7) In the case of income chargeable under any other head than those abovementioned, the tax shall be payable by the assessee direct, and shall be the amount assessed under this Regulation subject to such adjustment as aforesaid.

Annual return.

16. The prescribed person in the case of every Government office, and the principal officer of every local authority, and of every company, and of every other public body or association not being a local authority or company, and every private employer who has agreed to recover income-tax on behalf

Adopted from the Government of India amending Act XVII of 1920.

of Government shall prepare, and within fifteen days from the 30th day of June in each year, deliver or cause to be delivered to the Collector, in the prescribed form a return in writing showing:—

(a) the name and, so far as it is known, the address of every person who was receiving on the said 30th day of June, or has received during the year ending on that date, from the authority, company, body, association or private employer, as the case may be, any income chargeable under the head "Salaries" of such amount as may be prescribed not being less than one thousand four hundred and forty rupees per annum;

(b) the amount of the income so received by each such person, and the time or times at which the same was paid;

(c) the amount deducted in respect of income-tax from each such person.

Return by assessees.

17. (1) The principal officer of every company shall prepare, and, on or before the fifteenth day of September in each year, deliver or cause to be delivered to the Collector a return in the prescribed form and verified in the prescribed manner of the total income of the company during the previous year:

Provided that the Collector may, in his discretion, extend the date for the delivery of the return in the case of any company or class of companies.

(2) In the case of any person other than a company whose taxable income is, in the Collector's opinion, not less than two thousand four hundred rupees, the Collector shall serve a notice upon him requiring him to furnish, within such period as may be specified in the notice, a return in the prescribed form and verified in the prescribed manner setting forth (along with such other particulars as may be provided for in the notice) his total income during the previous year.

Assessment.

18. (1) If the Collector is satisfied that a return made under section 17 is correct and complete, he shall assess the sum payable by the assessee for the year in which the return is made on the basis of such return.

(2) If the Collector has reason to believe that a return made under section 17 is incorrect or incomplete, he shall serve on the person who made the return a notice requiring him, on a date to be therein mentioned, either to attend at the Collector's office and produce, or to cause to be there produced for the inspection of the Collector, such accounts and documents as the Collector may require and any evidence on which the assessee may rely in support of the return.

(3) On the day specified in the notice, or as soon afterwards as may be, the Collector, after examining such accounts and documents, and hearing any evidence which the assessee may produce and such other evidence as the Collector may require, shall, by an order in writing, determine the total income of the assessee for the previous year, and assess the sum payable by the assessee for the year in which the return is made on the basis of such determination.

(4) If the principal officer of any company or any other person fails to make a return under section 17 (1) or (2), as the case may be, or having made a return, fails to attend or fails to comply substantially with all the terms of a notice issued under section 18, sub-section (2), the Collector shall make the assessment to the best of his judgment.

(5) The sum to be assessed in every case shall be a sum calculated on the aggregate of the assessee's income in the previous year chargeable under each of the heads mentioned in sections 8 to 11 at the rate applicable to his total income in that year.

Adjustment with actual income when ascertained.

19. When the Collector has, in any year after the commencement of this Regulation for which income-tax is leviable under section 14 (2), ascertained, either from the return made by an assessee or after further inquiry, the total income actually received by or accrued to the assessee in the previous year, he shall compute the income-tax which would have been payable in respect thereof if it had been levied in such previous year with reference to the amount of the income so ascertained and the law then in force; and the difference between the sum so computed and the aggregate of the sums already paid by or on behalf of the assessee in respect of income-tax for such previous year, shall be paid by or refunded to the assessee, as the case may be:

Provided that it shall be competent to—

(a) an assessee; or

(b) in the case of the death or insolvency of an assessee, his representative in interest; or

(c) with reference to any year for which income-tax is leviable under section 14 (2), the Collector;

in any year to claim an immediate adjustment to date of the sums already paid by or on behalf of an assessee in that year, upon the basis of the total income actually received by or

accrued to him in that year; and upon such claim being made, all the provisions of this chapter shall apply, so far as may be necessary, for the determination of the proper sum to be paid by or refunded to the assessee or his representative in interest in respect of income-tax down to the date of such determination, and the same shall be paid or refunded accordingly.

Notice of demand.

20. When the Collector has determined a sum to be payable by an assessee under either section 18 or section 19, he shall serve on the assessee a notice of demand in the prescribed form specifying the sum so payable.

Petition against assessment under this Regulation.

21. (1) Any assessee objecting to the amount or rate at which he is assessed under section 18 or to an adjustment made under section 19, or denying his liability to be assessed under this Regulation may, unless he or, in the case of a company, the principal officer thereof, has knowingly and wilfully failed to make a return under section 17, or substantially to comply with all the terms of a notice served on him under section 18, apply by petition to the Commissioner for relief against any order of the Collector in respect of such assessment or adjustment.

(2) The petition shall ordinarily be presented within thirty days of receipt of the notice of demand; but the Commissioner may receive a petition after the expiration of that peiod, if he is satisfied that the objector had sufficient cause for not presenting it within that period.

(3) The petition shall be in the prescribed form and verified in the prescribed manner.

Hearing of petition.

22. The Commissioner shall fix a day and place for the hearing of the petition, and on the day and at the place so fixed, or on the day and at the place, if any, to which he has adjourned the hearing, shall hear the petition and pass such order thereon, whether by way of confirmation, reduction, enhancement or cancellation of the assessment, or adjustment or otherwise and fixing such time for payment, as he thinks fit.

Power of review.

23. The Chief Revenue-authority may call for the record of any assessment proceeding which has been taken by any officer subordinate to it, and make such inquiry and pass such orders thereon as it thinks fit;

Provided that it shall not pass any order enhancing the sum payable by an assessee without hearing him or giving him a reasonable opportunity of being heard either in person or by pleader.

Penal assessment.

24. If the Collector or the Commissioner in making any assessment or adjustment under this chapter is satisfied that the assessee has concealed the particulars of his income, or has deliberately furnished inaccurate particulars of such income, and has thereby returned it below its real amount, the Collector or the Commissioner may direct that the assessee shall pay, on the difference between his income as finally ascertained and the amount originally returned by him, income-tax at a rate not exceeding double the rate which would otherwise have been payable:

Provided that no such order shall be made, unless the assessee has been heard, or has been given a reasonable opportunity of being heard;

Provided further that no prosecution for an offence against this Regulation shall be instituted in respect of the same facts on which a penal assessment is made under this section.

Income escaping assessment assessable in following year.

25. If for any reason income chargeable under this Regulation has escaped assessment in any year, or has been assessed at too low a rate, the Collector may at any time in the year next following assess or re-assess such income, and all the provisions of this Regulation shall apply accordingly.

Rectification of mistake.

26. The Collector may, at any time within one year from the date of any demand made upon an assessee, rectify any mistake in connection therewith which has been brought to his notice by such assessee, and make a refund to such assessee in respect thereof.

Power to take evidence on oath, etc.

27. The Collector or Commissioner shall, for the purposes of any inquiry under this chapter, have the same powers as are vested in a Court under the Code of Civil Procedure, 1911, when trying a suit in respect of the following matters:—

(*a*) enforcing the attendance of any person and examining him on oath or affirmation

(*b*) compelling the production of documents; and

(*c*) issuing commissions for the examination of witnesses;

and any proceeding before a Collector or Commissioner under this chapter shall be deemed to be a "judicial proceeding" within the meaning of sections 193 and 228 of the Indian Penal Code.

Power to call for information.

28. The Collector or Commissioner may, for the purposes of this Regulation—

(1) require any person to furnish a return, in the prescribed form, containing, to the best of his belief, the name and address of every person employed in his service

who is receiving in virtue of such employment any income not chargeable under the head "Salaries," of such amount as may be prescribed, not being less than one thousand four hundred and forty rupees per annum;

(2) require any firm or Hindu undivided family to furnish him with a return of the partners in the firm, or the adult male members of the family, as the case may be, and of their addresses;

(3) require any person whom he has reason to believe to be a trustee, guardian, or agent to furnish him with a return of the names of the persons for or of whom he is trustee, guardian, or agent, and of their addresses.

Power to inspect the register of members of any company.

29. The Collector or Commissioner, or any person authorised in writing in this behalf by the Collector or Commissioner, may inspect and, if necessary, take copies or cause copies to be taken of the register of members of any company or of any entry in such register.

CHAPTER IV

LIABILITY IN SPECIAL CASES.

Guardians, trustees and agents.

31. In the case of any guardian, trustee or agent of any person being a minor, lunatic or idiot or residing out of Mysore (all of which persons are hereinafter in this section included in the term beneficiary) being in receipt on behalf of such beneficiary of any income chargeable under this Regulation, the tax shall be levied upon and recoverable from such guardian, trustee or agent, as the case may be, in like manner and to the same amount as it would be leviable upon and recoverable from any such beneficiary if of full age, sound mind, or resident in Mysore, and in direct receipt of such income, and all the provisions of this Regulation shall apply accordingly.

Administrator-General of Madras, Receiver and Manager.

32. In the case of income chargeable under this Regulation which is received by the Administrator-General, Madras, under Regulation IV of 1910 or by any receiver or manager (including any person whatever his designation who in fact manages property on behalf of another) appointed by or under any order of a Court, the tax shall be levied upon and recoverable from such Administrator-General, receiver or manager in like manner and to the same amount as it would be leviable upon and recoverable from any person on whose behalf such income is received, and all the provisions of this Regulation shall apply accordingly.

Non-residents.

33. (1) In the case of any person residing out of Mysore, all profits or gains accruing or arising to such person, whether directly or indirectly, through or from any business connection in Mysore, shall be deemed to be income accruing or arising within Mysore, and shall be chargeable to income-tax in the name of the agent of any such person, and such agent shall be deemed to be for all the purposes of this Regulation the assessee in respect of such income-tax;

Provided that any arrears of tax may be recovered also in accordance with the provisions of this Regulation from any assets of the non-resident person which are, or may at any time come, within Mysore.

(2) Where a person not resident in Mysore and not being a British subject or a subject of His Highness the Maharaja or a firm or company constituted within His Majesty's dominion or the Mysore State, or a branch thereof, carries on business with a person resident in Mysore and it appears to the Collector or the Commissioner, as the case may be, that owing to the close connection between the resident and the non-resident person and to the substantial control exercised by the non-resident over the resident, the course of business between those persons is so arranged, that the business done by the resident in pursuance of his connection with the non-resident produces to the resident either no profits or less than the ordinary profits which might be expected to arise in that business, the profits derived therefrom or which may reasonably be deemed to have been derived therefrom, shall be chargeable to income-tax in the name of the resident person who shall be deemed to be, for all the purposes of this Regulation, the assessee in respect of such income-tax.

Agent to include persons treated as such.

34. Any person employed by or on behalf of a person residing out of Mysore, or having any business connection with such person, upon whom the Collector has caused a notice to be served of his intention of treating him as the agent of the non-resident person shall for the purposes of this Regulation, be deemed to be such agent;

Provided that no person shall be deemed to be the agent of a non-resident person, unless he has had an opportunity of being heard by the Collector as to his liability.

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* Chapter III (Section 30) of the Government of India Act VII of 1918, has been repealed by the amending Act IV of 1919 and hence it is omitted in this Regulation.

CHAPTER V.

Recovery of tax.

Tax when payable.

35. The amount of income-tax specified as payable in a notice of demand under section 20 or an order under section 22, section 23, or section 24, shall be paid within the time, at the place and to the person mentioned in the notice or order, or if a time is not so mentioned, then on or before the first day of the second month following the date of the notice or order, and any assessee failing so to pay shall be deemed to be in default, provided that, when an assessee has presented a petition under section 21, the Collector may, in his discretion, treat the assessee as not being in default as long as such petition is undisposed of.

Mode and time of recovery.

36. (1) When an assessee is in default in making a payment of income-tax, the Collector, in his discretion, may recover from him a sum not exceeding double the amount of the tax, either as if it were an arrear of land revenue, or by any process enforceable for the recovery of an arrear of any municipal tax or local rate imposed under any enactment for the time being in force in any part of Mysore.

(2) If any assessee is in receipt of any income chargeable under the head "Salaries," the Collector may require any person paying the same to deduct from any payment subsequent to the date of such requisition any sum recoverable under sub-section (1), and such person shall comply with any such requisition and shall pay the sums so deducted to the credit of Government, or as Government directs.

(3) Government may direct by what authority any powers or duties incident under any such enactment as aforesaid to the enforcement of any process for the recovery of a municipal tax or local rate shall be exercised or performed when that process is employed under sub-section (1) for the recovery of income-tax.

(4) Government may direct, with respect to any specified area, that income-tax shall be recovered therein, with, and as an addition to, any municipal tax or local rate by the same person and in the same manner as the municipal tax or local rate is recovered.

(5) Save in accordance with the provisions of section 33 (1), no proceedings for the recovery of any sum payable under this Regulation shall be commenced after the expiration of one year from the last day of the year in which any demand is made under this Regulation.

CHAPTER VI.

Refunds to shareholders and others.

Refund to individual shareholders, partners and owners of securities.

37. If—

(*a*) a shareholder in a company who has received any dividend from the company; or

(*b*) a partner in a firm on which income-tax has been levied at the maximum rate, in accordance with the proviso to section 14, who has received a share of the profits of the firm; or

(*c*) the owner of a security from the interest on which income-tax has been deducted in accordance with the provisions of section 15;

satisfies the Collector that his total income in the previous year was less than any one, as the case may be, of the amounts specified in Schedule II, he shall be entitled to a refund of a sum calculated on such dividend, share of profits or interest at the rates specified in the same Schedule against each such amount.

Limitation of claims for refund.

38. No claim to any refund under section 37 shall be allowed, unless it is made within one year from the last day of the year to which the claim relates.

CHAPTER VII.

Offences and Penalties.

Failure to make payments or deliver returns or statements or allow inspection

39. If a person fails without reasonable cause or excuse—

(*a*) to deduct and pay any tax as required by section 15 or under section 36 (2);

(*b*) to deliver or cause to be delivered to the Collector in due time any of the returns mentioned in section 16, section 17, or section 28;

(*c*) to grant inspection or allow copies to be taken in accordance with the provisions of section 29;

(*d*) to attend or to produce, or cause to be produced, on or before the date mentioned in a notice under section 18, such accounts and documents as are referred to in the notice;

he shall, on conviction before a Magistrate, be punishable with fine which may extend to ten rupees for every day during which the default continues.

False statement in declaration.

40. If a person makes a statement in a verification mentioned in section 17 or section 21 (3) which is false, and which he either knows or believes to be false or does not believe to be true, he shall be deemed to have committed the offence described in section 177 of the Indian Penal Code.

Prosecution to be at instance of Collector.

41. (1) A person shall not be proceeded against for an offence under section 39 or section 40 except at the instance of the Collector specially empowered by Government in this behalf.

(2) The Collector may stay any such proceeding or compound any such offence.

Disclosure of information by public servant.

42. All particulars contained in any statement or return made or furnished under the provisions of this Regulation shall be treated as confidential, and if a public servant discloses any particulars contained in any statement or return made or furnished under this Regulation he shall be punishable with imprisonment which may extend to six months, and shall also be liable to fine;

Provided that no prosecution shall be instituted under this section, except with the previous sanction of Government.

CHAPTER VIII.

MISCELLANEOUS.

Power to make rules.

43. (1) The Government may make rules for carrying out the purposes of this Regulation and for the ascertainment and determination of any class of income.

(2) Without prejudice to the generality of the foregoing power, such rules may—

(*a*) When income is derived in part from agriculture and in part from business, prescribe the manner, whether with reference to a class or in particular cases, by which the taxable income shall be arrived at;

(*b* prescribe the manner in which, and the procedure by which, the taxable income of Insurance Companies shall be arrived at;

(*c*) prescribe the manner in which and the procedure by which the taxable income of persons not resident in Mysore, or of persons deemed to be assessees in respect thereof, shall be arrived at;

(*d*) provide for a system of composition of assessments and prescribe the conditions under which the Collector may enter into composition with assessees as to their assessment;

(*e*) prescribe the procedure to be followed on applications for refunds;

(*f*) provide for any matter which by this Regulation is to be prescribed.

(3) Rules made under this section shall be published in the *Mysore Gazette*, and shall thereupon have effect as if enacted in this Regulation.

Power to make exemptions, etc.

44. The Government may, by notification in the *Mysore Gazette*, make an exemption, reduction in rate or other modification, in respect of income-tax in favour of any class of income, or in regard to the whole or any part of the income of any class of persons.

Receipts and their contents.

45. When any money is paid under this Regulation to the Collector, or is recovered thereunder by him, he shall give a receipt for the same, specifying the prescribed particulars.

Service of notices.

46. A notice or requisition under this Regulation may be served on the person therein named, either by post, or by the delivery or tender to him of a copy of the notice or requisition in the manner provided by the Code of Civil Procedure, 1911, for the service of summons.

Power to declare principal places of business.

47. (1) When an assessee has several places of business in Mysore, Government may declare which of them shall, for the purposes of this Regulation, be deemed to be his principal place of business.

(2) The powers given by this section may be delegated to, and exercised by, such officers as the Government may appoint in this behalf.

Indemnity.

48. Every person deducting, retaining or paying any tax in pursuance of this Regulation in respect of income belonging to another person is hereby indemnified for the deduction, retention or payment thereof.

Powers exercisable from time to time.

49. All powers conferred by, or conferable under, this Regulation may be exercised from time to time as occasion requires.

Delegation of certain powers of Government.

50. Government may, by notification in the *Mysore Gazette*, delegate to the Chief Revenue-authority all or any of the powers conferred on it by this Regulation for the appointment of officers to exercise or perform the powers or duties of Collectors or Commissioners, and all or any of the powers conferred on it by section 36 and the proviso to section 42.

Statement of case by Chief Revenue-authority to Chief Court.

51. (1) If, in the course of any assessment under this Regulation or any proceeding in connection therewith other than a proceeding under Chapter VII a question has arisen with reference to the interpretation of any of the provisions of this Regulation or of any rule thereunder, the Chief Revenue-authority may, either on its own motion or on reference from any Revenue officer subordinate to it, draw up a statement of the case, and refer it, with its own opinion thereon, to the Chief Court, and shall so refer any such question on the application of the assessee, unless it is satisfied that the application is frivolous or that a reference is unnecessary.

(2) If the Chief Court is not satisfied that the statements contained in the case are sufficient to enable it to determine the questions raised thereby, the Court may refer the case back to the Revenue authority by which it was stated, to make such additions thereto, or alterations therein, as the Court may direct in that behalf.

(3) The Chief Court upon the hearing of any such case shall decide the questions raised thereby, and shall deliver its judgment thereon containing the grounds on which such decision is founded, and shall send to the Revenue-authority by which the case was stated a copy of such judgment under the seal of the Court and the signature of the Registrar; and the Revenue-authority shall dispose of the case accordingly, or, if the case arose on reference from any Revenue officer subordinate to it, shall forward a copy of such judgment to such officer who shall dispose of the case conformably to such judgment.

(4) Where a reference is made to the Chief Court on the application of an assessee, costs shall be in the discretion of the Court.

Bar of suits in Civil Court.

52. No suit shall be brought in any Civil Court to set aside or modify any assessment made under this Regulation, and no prosecution, suit or other proceeding shall lie against any Government Officer for anything in good faith done or intended to be done under this Regulation.

M. KANTARAJ URS,
Dewan.

SCHEDULE No. I.

RATES OF TAX.

	Rate.
When the Taxable income is less than Rs. 2,400	Nil.
Do do Rs. 2,400 or upwards—	
(i) when total income is Rs. 2,400 or upwards but is less than Rs. 9,000	3 pies in the rupee.
(ii) when total income is Rs. 9,000 or upwards but is less than Rs. 25,000	4½ do
(iii) when total income is Rs. 25,000 or upwards but is less than Rs. 50,000	6 do
(iv) when total income is Rs. 50,000 or upwards but is less than Rs. 75,000	9 do
(v) when total income is Rs. 75,000 or upwards ...	1 anna in the rupee.

SCHEDULE II.

RATES OF REFUND.

Amount.	*Refund.*
(i) Less than Rs. 2,400	1 anna in the rupee.
(ii) Rs. 2,400 or upwards but less than Rs. 9,000 ...	9 pies in the rupee.
(iii) Rs. 9,000 do Rs. 25,000 ...	7½ do
(iv) Rs. 25,000 do Rs. 50,000 ...	6 do
(v) Rs. 50,000 do Rs. 75,000 ...	3 do

WD 2681—GPB—1,250—22-6-20

NOTIFICATION.

No. R. 13899—S. R., dated 19th June 1920.

RULES UNDER THE MYSORE INCOME-TAX REGULATION, 1920.

In exercise of the powers vested in them under section 43, sub-section (1) of Regulation of 1920, the Government of His Highness the Maharaja are pleased to sanction the following rules for carrying out the purposes of the aforesaid Regulation.

Section 3 (2) (i) Certificate required for exemption of interest on securities.

1. Any claim under section 3, sub-section (2) clause (1) of the Regulation to exemption from the levy of the tax of the interest on securities held under trust or other legal obligation for religious or charitable purposes within the meaning of that clause and applied to those purposes must be supported by a certificate from the Deputy Commissioner of the District which shall be in Form A hereto appended.

Section 6 (i) Agreements with private employers.

2. In calling for returns of employees from private employers under section 28, sub-section (1) of the Regulation, the Collector may issue notices inviting them to state when submitting the return whether they are willing to enter into an agreement under section 6 (1) to collect the tax due from the persons included in the return and to forward the amount to the Collector on the conditions prescribed in rule 3 below. The person making the return may subscribe on the return his assent to this arrangement.

3. The agreement entered into between a Collector and a private employer under section 6, sub-section (1) of the Act, shall be subject to the following conditions:—

(*a*) The employer shall for the trouble of collection be allowed a remuneration which shall be fixed by the Commissioner of Income-Tax in Mysore with reference to the circumstances of each case but shall not exceed in any case 5 per cent of the collection.

(*b*) The tax due to Government shall be deducted by the private employer from any income chargeable under the head "salaries" as each payment is made and the amount deducted minus such commission for the trouble of collection as may be agreed upon shall be remitted within a week to the Collector or other officer authorized by him to receive it together with a statement showing the names of the persons from whom the tax has been collected and the further particulars prescribed in rule 8 below.

Section 8 (vi) Collection charges for income from house property.

4. The allowance in respect of house property income on account of collection charges under section 8, sub-section (vi) of the Regulation is limited to 6 per cent of the gross rental of the house property.

Section 12 (2) Claims to exemption of payments to insurance companies, provident funds, etc.

5. No claim to exemption preferred under section 12 (2) of the Regulation on the portion of the income-taxable under the head "salaries" which is paid as a premium to an insurance company or in respect of a contract for a deferred annuity or as a contribution to a provident fund shall be entertained if the claim is made after the expiration of the financial year following that in which the premium was paid.

NOTE.—In this rule and in rule 7 "Insurance Company" includes the State Life Insurance Fund, both official and public branches.

6. When a deduction is made from any income liable to assessment on account of a payment made to an insurance company or in respect of a contract for a deferred annuity or as a subscription to a provident fund the sum deducted shall, if the payment has been made in sterling, be the actual cost of remittance; and if the assessee is unable to prove such actual cost, the equivalent in rupees of the amount of the premium calculated at the official rate of exchange prevailing at the time the abatement or income-tax is claimed.

7. A deduction such as is mentioned in the preceding rule must be supported either:—

(1) by the original receipt of the insurance company or provident fund; or

(2) (in the case of a deduction claimed by a servant of the Government or of a local authority) by a copy of the same presented together with the original to the officer who pays the salaries and attested by that officer who should after such attestation return the original; or

(3) by a duplicate receipt given by the insurance company or provident fund; or

(4) by a certificate of payment given by the insurance company or provident fund; or

(5) in the case of exemption claimed by a servant of the Government or of a local authority in respect of such payments in excess of those exempted under section 6 (1) by a certificate of the officer who disburses the salary of the claimant.

In cases (1), (3) and (4) the receipt or certificate will be returned as soon as the fact of the payment is admitted in due course of audit.

Where the Collector is satisfied that none of the above prescribed documents can be produced without an amount of delay, expense or inconvenience which under the circumstances of the case would be unreasonable, he may accept such other proof of payment of the premium as he may deem sufficient.

Section 15 (2) Remittance of tax collected on "salaries".

8. The amounts deducted on account of the tax from income chargeable under the head "salaries" under section 15, sub-section (2) of the Regulation, shall be paid to the credit of the Government within one week from the date of payment of such "salaries". The payment to the credit of the Government shall be made by remitting the amount to the Collector (or other officer authorised by him) with a statement giving the following particulars for each person from whom the tax has been realized:

(1) Name.

(2) The period for which the salary has been paid.

(3) The amount of the salary paid.

(4) The amount of tax collected.

(5) The amount of commission, if any, deducted.

(6) The balance remitted to the Collector.

Section 15 (3) Remittance of tax collected on securities.

8A. The amount deducted on account of the tax under section 15, sub-section (1) of the Regulation from the interest payable on debentures or other securities for money issued by, or on behalf of, a local authority or company shall be paid to the credit of the Government within one week from the date on which the payment of the interest is made. The person responsible for paying the interest shall pay the amount deducted therefrom to the credit of the Government by remitting the amount to the Collector or other officer authorised by him with a statement showing the following particulars:—

(1) Name of owner.

(2) Description of security.

(3) Number of security.

(4) Date of security

(5) Amount of security.

(6) Period for which interest is drawn.

(7) Amount of interest.

(8) Amount of tax.

9. The return of employees required by section 16 of the Regulation shall be in Form B appended hereto

The returns relating to Government Offices required by section 16 of the Regulation shall be furnished by the undermentioned officers:—

(1) The Comptroller for all Gazetted Officers (including in this term) Amildars Munsiffs and others who draw their pay on separate bills whose bills are pre-audited.

(2) Teasury Officers for all Gazetted Officers and others who draw their pay from treasuries on separate bills and also for all pensioners and gratuitants who draw their pensions and gratuities from treasuries.

NOTE. The term "treasuries" and "Treasury Officers" include "Taluk treasuries" and "Taluk Treasury Officers"

(3) Heads of offices and schools, colleges and other Government institutions for all non-gazetted officers whose pay is drawn on establishment bills.

(4) Disbursing officers in the Survey Department and in the Industries and Commerce Departments in respect of the establishments under them, the salaries of which are paid by cheques.

(5) The Auditor, Mysore Railways, for all railway employees under his audit.

(6) In the case of assessees not covered by the above such person as the Collector may call upon to make the return.

The return should contain complete information as to the total salary drawn by an officer during the whole year. If, therefore, an officer has been transferred from another district

the Treasury Officer by whom the officer happens to be paid at the time of issue of the return, should ascertain from the other Treasury Officers concerned the total salary drawn from the beginning of the year to the date of transfer and include it in his return.

10. The names of all persons in receipt of salaries of not less than Rs. 1,440 per annum shall be included in the return furnished under section 16.

11. The return of income to be furnished by companies under section 17 (1) of the Regulation shall be in Form 'C' hereto appended and the statements contained in the return shall be verified in the manner indicated at the foot of the form.

12. The return of income to be called for from assesses other than companies under section 17 (2) of the Regulation shall be in Form 'D' hereto appended and the statements contained in the return shall be verified in the manner indicated at the foot of the form.

13. When returns of income prepared by approved, chartered, incorporated or certified accountants are filed by assessees, separate scrutiny of the assessees' books will be dispensed with, unless there are special reasons which in the Collector's opinion render such scrutiny desirable.

14. Members of the undermentioned institutions are approved for income-tax purposes:—

(1) The Institute of Chartered Accountants of England and Wales

(2) The Society of Incorporated Accountants and Auditors.

(3) The Society of Accountants in Edinburgh.

(4) The Institute of Accountants and Actuaries in Glasgow.

(5) The Society of Accountants in Aberdeen.

(6) The Institute of Chartered Accountants in Ireland.

15. (*a*) Accountants who are certified under the Mysore Companies Regulation and who wish to be approved for income-tax purposes should apply to the chief revenue authority. Their applications will be considered by a Committee consisting of:—

(1) The Commissioner of Income-tax in Mysore.

(2) The Registrar of Joint Stock Companies.

(3) The Chairman, Mysore Chamber of Commerce.

The decisions of the Committee will be final.

(*b*) Approval of an accountant under this rule or rule 14 is liable to revocation in any case by a vote of the committee referred to above.

16. Accountants approved for income-tax purposes shall be bound to certify compliance with the income-tax law and rules and to give in their certificates such particulars as the Commissioner of Income-tax in Mysore may require.

NOTE.—The particulars prescribed under this rule will be found in Appendix I.

17. The notices to be served on assessees under section 18, sub-section (2) of the Regulation shall be in Form 'E.'

18. The notice of assessment or adjustment to be served on persons assessed under section 20 of the Regulation shall be in Form 'F.'

The amount assessed under this Regulation may be paid in two equal instalments, the first on the expiry of sixty days from the date of service of the assessment or adjustment notice, the second on the expiry of sixty days from the date on which the first instalment became due. If, however, a petition against the assessment or adjustment has been admitted, the Collector may, in his discretion, treat the assessee as not being in default in respect of the payment of the tax till the orders on the petition have been passed. In case of default in the payment of the first instalment, the whole amount of the assessment or balance due on adjustment shall become immediately recoverable.

19. Petitions against assessments or adjustments under section 21, sub-section (1) of the Regulation shall be drawn up after the model of, and shall contain the information provided for, in Form G and shall be verified in the manner required by law for the verification of plaints. A petition which does not contain a clear statement of the amount on which the petitioner claims to be assessed or to have his assessment adjusted or is not verified shall be liable to summary rejection. The notice of assessment or adjustment served under section 20 of the Regulation and a copy of the Collector's order under section 18 (3) or section 19 of the Regulation should accompany the petition.

20. The Collector or the Commissioner shall notify to the assessee the purport of any order passed by him under section 22, 23, 24 or 25 of the Regulation.

20A. (1) A party who desires the attendance of any witness in a proceeding before a Collector or Commissioner under the Income-tax Regulation, 1920, or before a Commissioner appointed to take evidence under the said Regulation shall file a list in the following form of the persons whose attendance he requires stating full name, residence and vocation of each

witness and mentioning whether he is required to give evidence or to produce any document and in the latter case, specifying the date, if any, and description of the document so as to identify it :—

Serial number	Full name	Residence	Occupation or other description	Purpose for which summoned	Allowance	Service fees	Remarks
				Total ..			

A detailed memorandum of the amount to be deposited in the office is presented herewith. It is requested that summonses may be issued as above.

(Signed.)

(2) He shall with such list deposit in the office of the Collector or the Commissioner (i) the prescribed fees for service of summons according to the following scale :—

For each summons or notice.

Nature of process.	Amount leviable.
(a) to a single witness	... 8 annas.
(b) to every additional witness residing in the same village if the processes be applied for at the same time	... 4 „

NOTE.—(1) Any party may deposit the cost of proceeding by railway or any public conveyance where such is available and in such case the process server shall be bound to proceed by such railway or public conveyance, and the cost so deposited shall be part of the costs of the cause.

(2) For processes applied for and ordered to be executed as emergent the fee will be the ordinary fee and half as much again, and

(ii) the total amount of the allowances to which the said persons are entitled for travelling and other expenses according to the following scale :—

Class	Travelling allowance			Allowance for subsistence and other expenses not exceeding per diem
	By rail	By road	By sea or canal	
				Rs. a. p.
First class ...	First class fare	As. 8 per mile	Actual expenses of passage.	3 0 0
Second class ...	Second class fare	„ 4 „	Do	1 0 0
Third class ...	Third class fare	„ 2 „	Do	0 8 0

(3) The expenses of witnesses summoned by the assessing officer at his own instance will be bone by Government.

21. The notice to an employer calling for a return of employees under section 28, subsection (1) of the Regulation shall be in Form H. The return shall be in Form B. The names of all persons in receipt of salaries of not less than Rs. 1,440 per annum shall be included in this return.

22. The following procedure shall be observed in the levy of penalties under section 36 (1) for default to pay income-tax on the due date :—

(a) In case of failure to pay any instalment, a notice in Form I shall be issued to the assessee imposing a penalty of one per cent of the tax due and warning the assessee that if the whole amount due is not paid within 20 days a second penalty ten times the amount of the first will be imposed.

(b) In any case in which persistent default is made the assessing officer will call upon the assessee to show cause why there should not be imposed such penalty not exceeding the amount of tax as he may deem fit.

(c) The Deputy Commissioner of the District may annul or reduce any penalty imposed by him or by any officer subordinate to him.

23. Any person claiming refund of income-tax deducted from salaries may present to the Collector an application for adjustment under section 19 of the Regulation, and shall,

along with the application, file a return in Form D showing his total income in the previous year and a statement showing the amounts deducted from his income under the head of salaries. The Collector may make such inquiries as he may deem necessary as to the total income of the applicant and shall, if he is satisfied that the applicant is entitled to any refund, pay or authorize payment in cash of such sum as may be due.

24. . The owner of any security of the Government of Mysore or a debenture or other security for money issued by or on behalf of a local authority or company claiming a refund under section 37 of the Regulation shall present to the Collector (*a*) an application in Form J declaring truly therein his total income in the previous year with the declaration below the form duly signed before the Collector or attested by a Justice of the Peace or a Magistrate and (*b*) a statement in Form K showing details of the securities held by him.

25. On receipt of the application and the statement, the Collector may, after making such inquiries as he may deem necessary as to the total income of the applicant, issue a certificate of refund in Form L if he is satisfied that the applicant is liable to tax at less than one anna in the rupee or not liable to the tax.

26. If a claim for refund is made within one year from the end of the year to which the claim relates, the person empowered to pay the interest in the case of sucurities of the Government of Mysore and the Collector in other cases shall, on production of the certificate of refund, pay or authorize payment in cash of such refund as may be due.

27. In the case of dividends paid out of the profits of a company or of the profits of a firm divided between the partners, the person claiming a refund shall present to the Collector an application in Form J duly signed or attested as in Rule 24 above and shall forward the counterpart of the dividend warrant, an extract of the registered deed of partnership, or other proof showing the number of shares he holds in the company, or the share he holds in the firm, and the total amount of the dividend or profits paid to him including the income-tax deducted therefrom. The Collector may make such inquiries as he may deem necessary as to the total income of the applicant and if he is satisfied that the applicant is entitled to any refund provided that the company or firm has paid the tax due on its profits, he shall pay or authorize payment in cash of such refund as may be due.

28. (*a*) No refund shall be admissible on dividends not paid out of the taxable profits of a company nor on fractions of a rupee

(*b*) Refunds may be remitted by post at the cost of the applicants.

29. (*a*) A refund shall not be paid except at the place where the tax in respect of which the refund is claimed has been received.

(*b*) If the person claiming the refund is not a resident of the place where the tax has been received he may send the declaration in Form J accompanied by the statement in Form K or the dividend warrant or other proof referred to in Rule 27 to the Collector of the place where he resides or carries on his business and apply for a certificate in Form M for submission to the officer empowered to grant the refund and, on receipt of such certificate the officer shall proceed as laid down in the above rules.

30. When a declaration of income in Form J has been received, the Collector may issue a certificate in Form L or M at any time during the financial year in which such declaration has been received without insisting on a fresh declaration of income.

31. (*a*) Against the order of a Collector on an application for refund a petition shall lie to the Commissioner.

(*b*) The petition shall ordinarily be presented within thirty days of receipt of the order of the Collector; but the Commissioner may receive a petition after the expiration of that period if he is satisfied that the petitioner had sufficient cause for not presenting it within that period.

32. If the applicant for refund is himself the Collector competent to sanction the refund, the application for refund shall be made to the next higher authority.

32A. If an assessee is himself the Collector competent to make the assessment, or the Commissioner competent to pass orders on an objection petition against the assessment, the assessment shall be made and the objection petition shall be dealt with by the next higher authority.

33. (i) In the case of life assurance companies whose profits are periodically ascertained by actuarial calculations, the taxable income shall be determined with reference to the average net profits disclosed by the last preceding valuation.

Provided that any deductions made from the gross income in arriving at the actuarial valuation which are not admissible for the purpose of income-tax assessment shall be added to the net profits disclosed by the valuation.

This clause shall apply also to the determination of the taxable income derived from the annuity and capital redemption business of life assurance companies, the profits of which can be ascertained from the results of an actuarial valuation.

If the tax on the average net profits during the period covered by the last preceding valuation is less than the average of the tax deducted at the source from the interest income derived from investments in the same period, a refund of the amount by which such deduction from interest exceeds the tax payable on the average net profits should be allowed.

(ii) If there has been no periodical actuarial valuation or if the last valuation took place more than five years previous to the year in which the assessment falls to be made, the taxable income shall be determined with reference to the interest, dividends and rents received by the companies during the previous year.

(iii) In the case of insurance companies other than life assurance companies the taxable income in any year shall be the profits calculated for the year subject to the provisions of the following clause.

(iv) Amounts actually credited by an insurance company other than a life assurance company in the ordinary accounts of its business for the previous year to any fund established for the sole purpose of forming a reserve to meet outstanding or unexpired liabilities to policy-holders (including therein risk of exceptional losses) and amounts actually credited by an insurance company of any kind in the ordinary accounts of its business for the year of assessment to its investment reserve fund for the purpose of meeting depreciation in the value of its securities shall be treated as expenditure incurred solely for the purpose of earning the profits of the business in determining the taxable income of the insurance company in that year.

(v) The taxable income of companies carrying on dividing society or assessment business shall be taken at fifteen per cent of the premium income in the previous year. Where a non-resident company carries on dividing society or assessment business in Mysore the assessment shall be fifteen per cent of the premium income received in Mysore.

(vi) This rule shall apply only to the determination of taxable income from different classes of insurance business. The actual assessment of an insurance company carrying on more than one class of business shall, in accordance with the Regulation be determined as to its rate and amount by its aggregate taxable income from all the classes of business which it carries on

33-A. (*a*) In any case in which the profits accruing or arising or deemed to accrue or arise in Mysore to any person residing out of Mysore whether directly or indirectly, through or from any business connection in Mysore cannot be accurately ascertained, the amount of such profits for assessment purposes may be calculated on such percentage of the turnover of the business carried on in Mysore as the Collector, having regard to all the circumstances of the case, may consider to be reasonable. This rule shall apply also to the determination of the income for assessment purposes of persons assessable to income-tax under section 33 (2) on account of their connection with persons non-resident in Mysore.

(*b*) In cases in which the method of assessment on a percentage of turnover is inapplicable—as for example the case of a Mysore branch of a foreign insurance company—the profits of the Mysore branch may be assumed for income-tax purposes to bear the same proportion to the total profits of the company as its receipts bear to the total receipts.

33-B. If amongst any persons engaged in any business, profession or vocation in partnership, together, any change shall take place in any such partnership either by death or dissolution of partnership as to all or any of the partners or by admitting any other partner therein before the time of making the assessment or within the year for which the assessment ought to be made under the Regulation, or if any person shall have succeeded to any business, profession or vocation within such periods as aforesaid, the tax payable in respect of such partnership, or any of such partners or any person succeeding to such business, profession or vocation shall be computed on the profits derived from such business, profession or vocation during the previous year in accordance with the provisions of the Regulation, notwithstanding such change therein or succession to such business, profession or vocation. The assessment so made will in all cases be subject to adjustment under the provisions of section 19 of the Regulation.

34. (i) Applications for composition in respect of the income on which the tax will be assessed shall be made in writing to the Collector before the 1st September and before the tax for the year is assessed by the Collector. But a Collector may receive an application after 31st August if he is satisfied that the applicant had sufficient cause for not presenting it within that date.

(ii) The party compounding should execute an agreement within one month from the date on which the amount of composition is notified to him, If he fails to execute the agreement within the above period, the Collector may proceed to assess him, as if no application for composition had been received.

(iii) Agreements for composition shall be in Form N or as near thereto as may be and shall be for a period of not more than five years. Compositions should not, however, be made as a matter of course for this period which is the maximum allowable, but the Collector should fix a suitable period in each case on a consideration of the circumstances. The

a greement shall be made in two parts one of such parts executed by the compounding party remaining with the Collector, and the other part signed by the Collector remaining with the compounding party.

(iv) No agreement for composition shall be made with companies or shall be entered into in respect of any income or portion of any income which is liable to taxation under the head of salaries or interest on securities.

(v) In order to arrive at the amount of the applicant's income for the period in respect of which the application is made, the Collector should institute inquiries as to the probability of a future increase or decrease in the applicant's income. The compounded income shall not be less than what is estimated as the average income for the period.

(vi) If the party who has compounded dies or becomes bankrupt or insolvent or, in the case of a firm, goes into liquidation or voluntarily closes his business before the expiration of the period comprised in the agreement, the agreement shall cease to have force on the 30th day of June next after such death, bankruptcy, insolvency or other proceeding, save and except as to any portion of the tax on the income compounded which before the said day shall have become payable and shall then be unpaid.

(vii) Fraud on the part of the party compounding in [illegible] the income or otherwise shall render the agreement null and void.

35. Every receipt for money paid or recovered under section 45 of the Regulation shall be in Form O.

36. The powers of the Government to declare under section 47 of the Regulation which of several places of business shall be deemed to be the principal place of business for the purposes of the Regulation are hereby delegated to the Commissioner of Income-tax in Mysore.

37. An assessee who carries on business in several places is assessable to income-tax by the Collector in the district in which the principal place of business of the assessee is situate.

Ordinarily the principal place of business shall be understood to mean the place at which the persons directing any company or firm to their business, or the registered or head office where the general books and accounts for all branches are kept and compiled.

38. When a Collector learns that an assessee having his principal place of business in his district has a place of business in another district he shall communicate with the Collector in that latter district with a view to obtaining a complete account of the annual profits or income of the company, firm or person and the Collector in the latter district may make the inquiry provided for by section 18 of the Regulation. The Collector in the district in which the principal place of business is situated shall not require the production of accounts or documents relating to the branch business of the assessee in other districts. The final assessment, however, shall be made by him and he shall have full power to deal with the reports made by other Collectors, and to alter and amend their estimates in making his final assessment. Full reasons should, however, always be recorded when the estimate of the Collector in another district is not accepted.

39. In calculating the amount of tax payable the amount due on fractions of a rupee shall be neglected; and in the amount of tax calculated, fractions of a pie shall be neglected.

40. The commissioner of Income-tax in Mysore will be entrusted with the administrative working of the Regulation and he will issue such subsidiary instructions as may from time to time be required.

FORM A.

(RULE 1.)

I,....., Deputy Commissioner of....., do hereby certify that the security/securities specified below and standing in the name of is/are held under trust/legal obligation wholly/partly for religious/charitable purposes and that .....of the interest on the security/securities is applied to those purposes or has been finally set apart for application thereto.

Dated

Deputy Commissioner of

(1) Description of security
(2) Number
(3) Date
(4) Amount

FORM B.

(RULE 9.)

Income-tax return made by the head of every Government office, the principal officer of every local authority, company, public body or association and every private employer who has agreed to recover income-tax on behalf of Government under section 16 of Regulation VII of 1920.

Name { (1) Government office (2) Local authority (3) Company (4) Public body (5) Association, or (6) Private employer

Name of employee, pensioner, annuitant or recipient of profits, income, allowance, perquisite or profits	Designation	Residence	Date of employment, if new	Monthly rate of fixed salary or wage payable on date of return	Allowance, fee, commission, perquisite or profits, in lieu of or in addition to fixed salary, bonus and gratuities paid during the twelve months ending 30th June	Yearly amount of pension or annuity payable	Total amount received during the year	Date or dates of payment of the amount in column (8)	Amounts exempted under section 6 (1) and excluded under section 12 (2)	Net amount taxable	Amount of income-tax deducted	Remarks
1	2	3	4	5	6	7	8	9	10	11	12	13

I hereby certify that no persons employed in this —other than the persons noted in this return were receiving on the 30th day of June last or have received during the year ending on that date payments at the rate of Rs. 1,440 a year or more of the kinds described in column (5), (6) or (7) above.

(Signature)

NOTE.—(1) If an employee has been or expects to be on leave out of Mysore between the 1st July last and 30th June next, notice should be given in the remarks column.

(2) If an employee has left your service since the submission of the last preceding return or if any changes are anticipated before the 30th June next, it is requested that a note regarding the same may be made at the back of this form, as this timely information will render much correspondence unnecessary.

(3) The year referred to in column (6) is the year immediately preceding the date of the return.

FORM C.

(RULE 11.)

NOTICE.

No.

OFFICE OF THE COLLECTOR OF INCOME-TAX,——

Dated..... 19

To

In pursuance of the provisions of section 17 of the Mysore Income-tax Regulation, 1920, you are hereby required to prepare a true and correct statement of your income and to furnish the information required in the form herewith attached so far it is applicable to your case, and to deliver it at this office duly signed by you as the principal officer of the company on or before the 15th day of September 192 with copies of the Balance Sheet and the Profit and Loss Account of the company,

Failure to furnish the return with the above accompaniments within the time allowed by law will, under section 21 (1) of the Regulation, entail forfeiture of the right of objection and under section 39, render you liable on conviction by a Magistrate to a fine which may extend to Rs. 10 for every day by which the return is late. The submission of a false or incorrect return will render you liable to penal assessments under section 24 or to prosecution under section 40 of the Regulation.

The income to be returned is the total income as shown by the accounts during either the twelve calendar months ending on the 30th June 19 or, if the accounts have been made up within the twelve calendar months ending on the 30th June 19 , in respect of a year ending on any other day than the 30th June 19 then at your option the twelve calendar months ending on the day on which the accounts have so been made up. The period once decided upon cannot, however, be varied without the consent of the Collector of Income-tax.

You are further required under section 15 of the Regulation :—

(1) to deduct at the time of payment income-tax at the rate specified in Schedule I in respect of any income chargeable under the head "Salaries", provided that, if the payment is a recurring one and in respect of any period less than a year, the rate shall be determined with reference to the amount which would be proportionately payable in a year. The deductions so made should be paid into this office within one week from the date of payment of the salaries in question and particulars should be furnished of the persons from whose salaries the deductions have been made, and the amount of the salary and of the deductions in each case;

(2) to deduct at the time of payment at the maximum rate specified in Schedule I and pay into this office within one week from the time of payment, the income-tax on the amount of interest on the debentures (if any) issued by the company. The remittance to this office should be accompanied by a statement showing for each debenture holder :—

(1) Name
(2) Description of security
(3) Number of security
(4) Date of security
(5) Amount of security
(6) Period for which interest is drawn
(7) Amount of interest
(8) Amount of tax

Collector of Income-tax.

Income-tax Year 19 19

Name of the company.

Information from the accounts for the year ending

(The return should be sent under cover and marked confidential.)

	Amount Rs.
1. Profits as per accounts submitted—	
a Salaries, wages, etc., and other receipts in lieu of or in addition to salary or wages paid by companies, other public bodies and associations	
b Interest on securities of the Government of India	
c Interest on securities of the Government of Mysore	
d Interest on debentures and other securities of a local authority or company	
e Income derived from house property	
f Income derived from business	
g Income derived from other sources, such as	
i Salaries not included in item (*a*)	
ii Dividends from Joint Stock Companies registered in Mysore..	
NOTE.—If the tax has been paid by the company the fact should be noted.	
iii Interest on mortgages, loans, fixed deposits, current accounts, club debentures, etc. ...	
iv Income from sources outside Mysore which accrues or arises on Mysore including dividends, pensions and income from agricultural land not paying land revenue to the Mysore Government	
v Ground-rent	
NOTE.—Ground-rent includes all rent derived from land (1) not used for agricultural purposes or (2) not paying land revenue or any local rate to Government	

	Amount Rs.
vi Profits from transactions whether in partnership with others or not which have not been accounted for elsewhere in this return	...
vii All other incomes not specified above (*e.g.*) director's fees, survey fees, etc.	...
2. Amount of interest credited to reserve and other funds and debited to the accounts	...
3. Amount of the cost value of the buildings owned by the company at the beginning of the previous year	
4. Amount of the cost value of machinery and plant owned by the company at the beginning of the previous year ...	...
5 Amount of depreciation on buildings actually debited to the accounts- -	...
a in the previous year	...
b up to the previous year	...
6. Amount of depreciation on machinery and plant actually debited to the accounts	...
a in the previous year	..
b up to the previous year	...
7. Amount of income-tax and profession-tax debited to the accounts	...
8 Amount of the debenture loans issued by the company ...	...
9. Rate of interest on the debentures	...
10. Total amount placed to any reserve fund or of the nature of capital expenditure debited to revenue account	...

DECLARATION.

I.... .... declare that the information against each head in this return is correctly given as shown in the books of the company as also in the accounts which have been duly audited by the auditors of the company and which have been adopted by the shareholders of the company.

Signature.

Dated.. .....19 Designation.

Details of the house property referred to in item (1) (*e*) of the return.

District, taluk and village	Particulars of property including name and number of street in which the property stands	Person in whose name the property stands in the municipal, village panchayet or revenue register	Annual letting value	Deductions claimed to be supported by the production of vouchers in each case
			Rs. a. p.	

Rs.

Allowances claimed—

1. Premia paid in the year ending on to insure the property against risk of damage or destruction. (Copies of receipts should be attached)	...
2. Interest paid by owner or a mortgage or charge on the property	...
3. Ground-rent paid by the owner on the property	...
4. Land revenue, local rates and municipal taxes paid by the owner on the property	.. ...
5. Collection charges	...
6. Deductions claimed on account of vacancies	...

Dated.....192 .

Signature.

FORM D.

(Rule 12.)

NOTICE.

Income-tax year 192 -192 .

No.

OFFICE OF THE COLLECTOR OF INCOME-TAX,

Dated.....192

To

In pursuance of the provisions of the Income-tax Regulation of 1920, you are hereby required to prepare a true and correct statement of your income in the form sent herewith so far as it is applicable to your case, and to deliver it at this office duly signed by you within 30 days from the date of this notice.

The accompanying notes, explanations and instructions have been drawn up in order to assist you in filling up the form.

If you desire further information on any point you should apply to the Collector of Income-tax.

Failure to furnish the return on the due date will under section 21 (1) entail forfeiture of the right of objection and under section 39 render you liable on conviction by a Magistrate to fine which may extend to Rs. 10 for every day by which the return is late. The submission of a false or incorrect return will render you liable to penal assessment under section 24 or to prosecution under section 40 of the Regulation.

The income to be returned is the total income during either (1) the twelve calendar months ending on the 30th June 192 or, (2) if the accounts have been made within the twelve calendar months ending on the 30th June 192 , in respect of a year ending on any other day than the 30th June 192 , then at your option the twelve calendar months ending on the date on which the accounts have so been made up. The period once decided upon cannot, however, be varied without the consent of the Collector of Income-tax.

You are also required, in accordance with section 28 of the Regulation, to furnish the Collector with a return:

(1) If you are a member of a firm, of the names of the partners or your firm with their addresses;

(2) If you are a member of an undivided Hindu family, of the names of the adult male members of the family with their addresses;

(3) If you are a trustee, guardian or agent, of the names of the persons for whom you are trustee, guardian or agent with their addresses.

If you claim exemption from or abatement or reduction of the rate of tax, your attention is particularly directed to No. 12 of the instructions which follow.

Collector of Income-tax.

INCOME-TAX YEAR 19 -19

Return of income for assessment under section 17 of the Mysore Income-tax Regulation, 1920.

(This return should be sent under cover and marked confidential.)

Total income.

Sources	Amount Rs. A. P.	Amount of tax deducted at source Rs. A. P.
Income received under the following heads during the year ending :-		
Salary, wages, annuity, pension, gratuity, fees, commission, perquisities, allowances and other receipts in lieu of or in addition to salary or wages received during the year ending :-	...	...
(1) Paid by Government	...	...
(2) Paid by local authorities	...	...
(3) Paid by companies, other public bodies and associations	...	...
(4) Paid by private employers under an agreement with the Collector	...	...
Interest on securities :-		
(5) On securities of the Government of India ...	..	...
(5)*a* On securities of the Government of Mysore ...	...	...
(6) On debentures and other securities of a local authority or other company	...	...
(7) Income derived from house property ...	. .	...
(8) Income derived from business	.	...
(9) Professional earnings	...	...
Income derived from other sources	. .	...
(10) Salaries not included in items 1 to 4	...	..
(11) Other sources, such as		
(*a*) Dividends from Joint Stock Companies registered in Mysore.	...	...
(*b*) Interes on mortgages, loans, fixed deposits, current accounts, club debentures, etc.	...	...
(*c*) Income from sources outside Mysore which accrues or arises in Mysore including dividents, pensions and income from agricultural land not paying land revenue to the Mysore Government.	...	...
(*d*) Share in joint family income ..	...	...
(*e*) Ground-rent	...	...
(*f*) Profits from transactions whether in partnership, with others or not which have not been accounted for elsewhere in this return	...	...
(*g*) All other income not specified above, *e.g.*, director's fees, survey fees, etc.		
Total income from all sources ...	...	...
Deduct-		
(1) Life Insurance premia paid during the year on the life of the assessee or his wife.	...	...
(2) Provident Fund subscriptions (see Instruction 13).	...	...
(3) Amount of income taxed at the source ...	...	...
Net taxable income	...	...

NOTE.—If the tax has been paid by the Company the fact should be noted

NOTE.—Ground-rent includes all rent derived from land (1) not used for agricultural purposes or (2) not paying land revenue or any local rate to Government.

NOTE.—1. Before filling up this return first read the instructions attached.

2. Where there is no income to be returned for assessment against any head in column 1, the word "None" should be entered in column 2.

For employees { Employer's name
Employer's address
Monthly rate of salary
Place of residence
Principal place of business
Other place or places of business
Name or names under which the business is conducted.

Names and addresses of all partners in the case of firms, names and addresses of all adult male members in the case of an undivided Hindu family.

Names and addresses of any persons for whom the assessee is an agent, trustee or executor.

I / We declare that the information given in this return is correct, that the income shown in this return is truly stated against each of the sources therein mentioned, that the period in which it accrued was twelve calendar months ending that no other income accrued during that year and that I / We have no other sources of income.

Dated.....19 (Signature.)

Details of the house property referred to in item 6 of the form of return.

District, taluk and village	Particulars of property including name and number of street in which the property stands	Person in whose name the property stands in the municipal, village panchayet or revenue register	Annual letting value	Deductions claimed (to be supported by the production of vouchers in each case)
			Rs. A. P.	

Allowances claimed

(1) Premia paid in the year ending on to insure the property against risk of damage or destruction. (Copies of receipts should be attached.)	...
(2) Interest paid by owner on a mortgage or charge on the property.	...
(3) Ground-rent paid by the owner on the property ...	...
(4) Land revenue, local rates and municipal taxes paid by the owner on the property.	
(5) Collection charges	...
(6) Deductions claimed on account of vacancies	...

Dated.....19 (Signature.)

Instructions for the preparation of the return in Form D.

(1) *Submission of return of income.*—The return should be delivered to the Collector as soon as possible. The maximum limit of time allowed is thirty days provided that when any assessee applies on reasonable grounds for an extension of time for submitting his return of income, the Collector shall have power to extend the time limit of thirty days to such further period as he may consider proper in each case.

2. *Previous year.*—The income shown in the return should be that of the calendar, Samvat, Marwari or other year for which the accounts were last made up for the assessee's own purposes provided that such year was a year of twelve full calendar months and that the last day of such year fell within the twelve calendar months ending 30th June 1919. In all other cases it should be that of the year ending 30th June 1919.

3. *Name, Designation, Residence.*—The ordinary designation of the person should be entered in the return. If the person making the return has several places of business the principal place of business should be specified and all other places should be shown in the space provided or if this is not sufficient on a sheet attached. In the case of a person carrying on business under any name or names, other than his own, such other name or names should be entered in the return.

4. *Names of Partners.* Any person making a return of income which has accrued in partnership with others is bound by section 28 (2) of the Regulation to furnish the names of all his partners and their addresses.

5. The following are liable to assessment to income-tax. All persons ("person" includes a firm and a Hindu undivided family) resident in Mysore and persons not resident in Mysore who may be deemed to be liable in respect of any class of income, whose income is Rs. 2,400 or upwards.

6. *Salary, wages, etc.*—In column 2 of the return should be shown the total gross income without deduction of the income-tax paid, provident fund, subscriptions or any other such payment. An allowance for house-rent or the value of rent free quarters is assessable to income tax and should be returned under the above heading. Any portion of the salary paid outside Mysore for services in Mysore must be included in the return.

7. *Dividends and interest on securities.*—In column 2 of the return the gross amount of the dividends or interest should be shown and in column 3 the amount of income-tax deducted at source, if any.

8. *Professional earnings.*—Income under this heading should be computed after making allowance for any expenditure incurred solely for the purposes of the profession provided that no allowance may be made on account of expenditure of the nature of capital or personal expenditure. Full particulars should be given of all deductions made from the gross income.

9. *Interest on mortgages, loans, etc.*—The interest which accrues in the year is often not actually paid in it, but is added to the capital and itself bears interest. In such cases, the interest that accrues or falls due in the year should be included in the income returned under this head.

10. *House property.*—Where house property is entered in the municipal, village panchayet or revenue registers under any name other than the name of the owner, such name or names should be clearly specified in the form provided.

The *bona fide* annual value of a house is the full market value at which that house could be let from year to year irrespective of any charges by way of municipal rates or taxes thereon. It therefore differs from the actual annual rent payable on a long term lease, or the actual rent payable on a yearly lease under a privileged rental or with tenant's liability to pay owner's rates or taxes. The following allowances are admissible: —

(i) Insurance premia, less discount, if any,
(ii) Interest paid to mortgagee,
(iii) Ground-rent,
(iv) Land Revenue, local rates and municipal taxes,
(v) Vacancies (allowances for unoccupied property),
(vi) Collection charges,
(vii) Where the property is in the occupation of the owner, or where it is let to a tenant and the owner has undertaken to bear the cost of repairs, a sum equal to one-sixth of the *bona fide* annual value of the property; where the property is in the occupation of a tenant who has undertaken to bear the cost of repairs, the difference between such value and the rent paid by the tenant up to but not exceeding one-sixth of such value.

In the case of buildings occupied for business purposes, attention is invited to section 9 (2) of the Regulation.

11 *Income from outside Mysore.*—Income from sources outside Mysore which accrues or arises in Mysore including dividends, pensions and income from agricultural land not paying land revenue to the Mysore Government is liable to assessment and should be entered in the return under head No. 7.

12 *Business, Trade, Commerce, etc.*—In computing the income returnable no deduction may be made for any of the following: —

Interest on capital of the owner or owners;
Payments on drawing on account of personal expenditure;
Bad debts not actually written off;
Amounts set off out of the profits of the year on account of ascertained losses of previous years;
Payment made to form an insurance fund against future losses;
Payment on account of income-tax or profession-tax;
Sums expended on charity or presents;
Sums given by way of commission not in the regular course of business;
Sums paid for the purchase of a good will or other similar expenditure of a caiptal nature.
Expenditure not incurred in the regular course of business.

13. *Life Insurance.*—The allowance extends to sums paid to any provident fund to which the Provident Funds Regulation, 1916, applies. These should not be deducted from any income shown in column 2 but should be entered in the space provided.

For the purpose of obtaining relief on account of any such payments the original receipts or copies thereof must be submitted in accordance with rule 7.

(14) *Income taxed at the source.*—In computing the income taxable under section 14, the Collector will make the necessary allowance for any income which has already paid tax at the source.

(15) *Correspondence and petitions.*—Petitions against the assessments made should be addressed to the Commissioner of Income-tax, that is to the

Every petition must be in the prescribed form and should ordinarily be presented within thirty days of the receipt of the notice of assessment and should bear a court fee stamp of Rs.

All correspondence relating to income-tax matters (excepting such as may relate to petitions presented to the Commissioner) should be addressed to the Collector of Income-tax.

FORM E.

(*Rule 17.*)

Notice under section 18, sub-section (2) of Regulation 1920.

No.

Date

To

With a view to testing the correctness of the return furnished by you under section 17 of Regulation of 1920 for the year ending.....

I hereby require you to attend either in person or by representative and produce or cause to be produced for examination at my office at.....at on all accounts, documents (including vouchers, invoices and receipts) and other evidence necessary to prove the extent of your income from all sources during the year to which the return relates. Wilful failure to comply with this notice will entail forfeiture of the right of objection to the assessment under section 21 of the Regulation and will render you liable to prosecution under section 39, sub-section (d) of the Regulation.

Collector.

NOTE.—In the case of money lending, the capital account, ledger, day book and all connected original documents must be produced.

(2) For trades and manufactures, the stock book, ledger and day book must be produced, together with all vouchers, receipts and invoices, necessary to prove the entries.

(3) In the case of businesses working through agencies which change hands periodically, all old agency accounts must be produced unless the Collector is satisfied that they have been completely closed and are no longer required.

(4) Assessees who own a number of different businesses, branches or agencies are expected to produce 'head-quarter' accounts in which the results of their working are co-ordinated.

(5) For all accounts, any previous book from which entries have been brought forward must be produced.

(6) In all cases the accounts must be accompanied by a statement signed by the assessees giving (*a*) a complete list of the accounts produced and (*b*) the name of the assessee's representative who is authorised to explain the accounts.

FORM F.

(*Rule 18.*)

Notice under section 20 of Regulation of 1920.

No.

Date

To

residing at

Your are hereby required to take notice that $\frac{\text{you have been assessed}}{\text{your assessment has been adjusted}}$ under the Mysose Income-tax Regulation of 1920 for the year ending , according to the particulars specified below and that you would pay the $\frac{\text{amount of the assessment}}{\text{balance due on adjustment}}$ within sixty days from the date of receipt of this notice.

... You may, if you so desire, pay the amount of the assessment in two equal instal-
balance due on assessment
ments on the dates specified below. In case of default, however, in the payment of the first
instalment the whole amount of the assessment will immediately become recoverable. If
balance due
you object to the assessment and are not debarred from preferring a petition for relief under
adjustment
section 21 of the Regulation by your failure to make a return under section 17 or to comply
with the terms of a notice served on you under section 18, a petition for
relief should be presented within thirty days of receipt of this notice. If such petition
is presented within the time allowed the Collector may in his discretion treat you as not
being in default in respect of payment of the tax till orders on the petition have been passed.
Failure to pay an instalment will render you liable to pay in addition a penalty of one per
cent per month or part thereof. You are further warned that unless the whole amount due together with
the said penalty is paid within twenty days from the date of the notice intimating imposition
of this penalty a further penalty of ten per cent on the tax due will be levied and that
in each case of default the Regulation provides for the levy of a penalty equivalent to the
whole

Particulars.

1. Nature or sources of income
(a) Salaries paid by Government ... ...
(b) ,, paid by local authorities ... ...
(c) ,, paid by companies, other public bodies and associations. ...
(d) ,, paid by private employers under an agreement with the Collector.
(e) Interest on securities to the Government of India ... ...
(f) Interest on securities to the Government of Mysore ... ...
(g) Interest on debentures and other securities of a local authority or company.
(h) Income derived from house property .. ..
(i) Income derived from business ... .
(j) Professional earnings ... ...
(k) Salaries noted included in items (a) to (d) .. .. ..
(l) Other sources .. ..
Total of items (a) to (l) ..
2. Place or places, district or districts, in which the income accrued ...
3. Amount of total income from all sources. .. .. ..
4. Amount of income assessable .. ..
5. Rate of tax .. ..
6. Amount of tax due. .. ..
7. Amount, if any, credited on account of tax already deducted at the source on income from salaries or from interest on securities under section 15.
8. Net amount of tax payable. . .. ..
9. Amount of tax due under section 25 ... . . .
10. Total amount of tax due (total of items (8) and (9)) ... ..
11. Amount of tax already paid on assessment ... . ..
12. Balance of tax payable on adjustment .. ..
13. Penal assessments under section 24 .. . . .
14. Other penalties and fines .. ..
15. Total amount due .. ..
16. Amount of first instalment and the date on which it is payable ...
17. Amount of second instalment and the date on which it is payable . .
18. Place where the amount is to be paid ... .
19. Person to whom the amount is to be paid .. .. .

FORM G

(Rule 19).

FORM OF PETITION.

See Section 21 (1).

To

The Commissioner of

The day of 19

The petition of A. B. of showeth as follows:—

1. Under Regulation of 1920, your petition has been assessed (on adjustment) in the sum of Rs. for the year commencing the 1st day of July 19 The notice of assessment was served upon him on

2. Your petitioner's income accruing and arising or received from each of the undermentioned sources for the year ending the day of 19 amounted to Rs

3. Such income and profits actually accrued or arose or were received during the period of months and days.

4. During the said year your petitioner had no other income or profits.

5. Your petitioner has made a return of his income to the under section 17, sub-section..... of the Regulation and has complied with all the terms of the notice served on him by the Collector under section 18.

Your petitioner therefore prays that he may be assessed accordingly (or that he may be declared not to be chargeable under the Regulation)

(Signed)

Form of verification.

, the petitioner named in the above petition, do declare that what is stated therein is true to the best of my information and belief.

(Signed)

Statement of Income.

Source of income	Place at which derived	Gross income from all sources	Gross taxable income	Admissible charges.	Net income liable to tax

FORM H.

Notice under section 28, sub-section (1) of Regulation of 1920.

(*Rule 21.*)

To

You are hereby required to fill in and to sign and deliver at within days of receipt of this notice a return in the accompanying form (Form B) containing to the best of your belief the name and address of every person employed in your service who is receiving in virtue of such employment any income amounting to Rs. 1,440 or more per annum. You are further requested to state, when submitting the return, whether you will undertake to collect the tax due from the persons included in the return and to forward the amount to me on condition of being allowed a commission of per cent on the amount payable. In the event of your agreeing to this arrangement, you are requested in making the return, to sign an agreement to that effect at the foot of the return.

Collector.

FORM I.

NOTICE.

(*Rule 22.*)

You have not paid the sum of Rs. being the first instalment of income-tax due by you for the year on the due date, *viz.*, in accordance with the notice of order on assessment / your revision petition sent to you on. You are requested to take notice that in consequence of your default the whole amount of the tax has now become due and that in addition a penalty of Rs. has been imposed upon you. You are further warned that unless the whole amount due (Rs.) together with the said penalty is paid within 20 days from the date of this notice, a further penalty of ten times the penalty now imposed will be levied and that in case of persistent default, the Regulation provides for the levy of a penalty equivalent to the whole tax.

Collector.

FORM J.

(Rules 24 and 27.)

Application for refund of tax payable or paid under the Mysore Income-tax Regulation.

I, , do hereby state that my income from all sources during the year ending 30th June 19 , as shown below amounted to Rs.

2. I accordingly hereby claim a refund of Rs. at one anna pies in the rupee on income of Rs. from dividends of Companies, a refund of Rs. on income of Rs. from share of profits of firms, a refund of Rs. , on income from interest on securities.

3. The counterparts of dividend warrants, an extract of the deed of partnership and certificates for payment of income-tax are herewith attached.

Source	Amount of income Rs.	Remarks.
(NOTE.—Payments received outside Mysore on account of services rendered in Mysore to be declared under head F below).		
Dividends from companies during the year ending 30th June 19 ...		
Share of profits of firms during the year ending 30th June 19 ...		
Interest on securities during the year ending 30th June 19 ...		
(NOTE.—Securities include—		
(*a*) promissory notes. debentures, stock or other securities of the Government of Mysore and	...	
(*b*) debentures or other securities for money issued by or on behalf of a local authority or company)	...	
Salary, annuity, pension or gratuity received during the year ending 30th June 19	...	
Income received under the following heads during the year ending 30th June 19	...	
A. Trade, profession or vocation	...	
B. Interest on mortgages, fixed deposits, current accounts, sums lent to traders and loans to others, club debentures, etc.	...	
C. House property and land (other than agricultural land)	...	
D. Director's fees, survey fees, University and other examination fees, etc....	...	
E. Income received from outside Mysore including pensions, dividends and income from agricultural land not paying land revenue to the Mysore Government.	...	
F. All other income not specified, *e. g.*, rewards, honoraria, etc. ...	...	
Grand Total ...	...	

House property income —Proprietors of houses residing on their own premises are exempted from tax on one-sixth of the rental value of such portion self-occupied : five-sixths of the rental value should be declared as income.

Penalty.—By section 177, Indian Penal Code ( ) it is provided that whoever being legally bound to furnish information on any subject to any public servant, as such, furnishes, as true information which he knows or has reason to believe to be false, shall be punished with simple imprisonment for a term which may extend to six months, or with fine which may extend to one thousand rupees, or with both.

I hereby declare that my income from all sources as stated above includes my share in the joint family income and is the only income that actually accrued to me, and that I had no other income from any other source accruing, arising or received in Mysore during the year in question.

Address in full,
Post office at which payment is desired.

(Signed)
(Designation)

Collector of Income-tax
Before me Justice of the Peace
Magistrate

Dated 19

NOTE.—The amount of income-tax paid must not be deducted from the income shown herein. For the purpose of the return income-tax deducted at the source in respect of dividends of companies and interest on securities should be added to the amount actually received by the applicant in order to ascertain the total income to be shown herein.

FORM K.

(RULE 24.)

For the year ending 30*th June* 19

I hereby state that the following are the details of the Securities* held by me :—

Description of Securities	Number	Date	Amount

Dated this the day of 19

(Signed)

*NOTE.—Securities include—

(*a*) Promissory notes, debentures, stock or other Securities of the Government of Mysore, and

(*b*) Debentures or other Securities for money issued by or on behalf of a local authority or company.

FORM L.

(RULE 25.)

For the year ending 30*th June* 19

I, Collector of Income-tax, do hereby certify that the income of the owner of the Securities specified below is liable to taxation at 12 pies in the rupee in respect of such Securities* but his income from all sources including the interest on such Securities being more than Rs. and less than Rs. he is entitled to a refund calculated at the rate of pies in the rupee :—

Description of Securities	Number	Date	Amount

Dated this the day of 19

Collector of Income-tax.

*NOTE.—Securities include—

(*a*) Promissory notes, debentures, stock or other Securities of the Government of Mysore, and

(*b*) Debentures or other Securities for money issued by or on behalf of a local authority or company.

FORM M.

(RULE 29.)

I, , Collector of Income-tax, do hereby certify that the income from all sources of amounts to Rs. for the year ending 30th June 19

Collector of Income-tax.

FORM N.

(RULE 34.)

Agreement for composition.

Agreement for composition under Regulation of 1920 between the Collector of and hereinafter called the "compounding party."

It is hereby agreed.

1. That for each and every year for a period of years from the first day of July 19 the income of the compounding party on which the tax will be assessed excluding any income that he may derive under the head of salaries or interest on Securities which is separately assessable, shall be computed at Rs.

2. That the tax on the amount of such composition amounting to Rs. shall be paid without deduction on the day of in each year of the said period by the compounding party to the Collector at his office.

3. That if default be made in payment of the said tax or any instalment of the same on the date fixed for payment thereof, such amount shall be recoverable in the same manner and by the same means as any other assessment made under the Regulation.

4 If the compounding party dies or becomes bankrupt or insolvent, or if a firm, goes into liquidation or voluntarily closes his business before the expiration of the said period of years, this agreement shall determine on the 30th day of June next after such death, bankruptcy, insolvency or other proceeding, save and except as to any portion of the tax on the income compounded which before the said day shall have been payable and shall then be unpaid

5. If the agreement is shown to the satisfaction of the Collector to have been obtained by fraud on the part of the compounding party in stating his income or otherwise, it shall be void and of no effect, and the Collector shall proceed to assess income-tax upon him in accordance with law.

In witness whereof, the Collector hath signed one part of this agreement and the compounding party hath signed or affixed his seal and duly executed the other part thereof this day of 19 .

Witnesses to the signature of the Collector

Witnesses to the signature of

FORM O.

(RULE 35.)

Receipt under Section 45 of Regulation of 1920.

Received from the sum of Rs.

being the amount of the (first or second) instalment of income-tax $\frac{\text{assessed}}{\text{adjusted}}$ on under Regulation.....of 1920 for the year commencing the 1st day of July and penalty (if any) Rs. or Rs. in all.

Collector.

APPENDIX I.

MEMORANDUM OF ADDITIONAL INSTRUCTIONS FOR AUDITORS FOR THE PREPARATION OF RETURNS OF INCOME FOR INCOME-TAX PURPOSES.

The return of income shall contain a true and complete statement of income from all sources liable to taxation whether already taxed at the source, as in the case of Government securities, or not, and shall show the aggregate income received during the previous year from each source.

If the assessee's accounts have been made up in the previous official year for a full year, the return of income shall be for the year ending on the date to which the accounts were made up. If otherwise, it shall be for the year ending 30th June. The exact period for which the accounts were made up must be stated.

2. The return of income should, when possible, exhibit the result of working for a complete period of twelve calendar months, and should be accompanied by a copy of the assessee's last profit and loss account as well as by information regarding the capital employed in the business.

3. A certificate must be appended to the audited return of income that proper books of accounts have been kept on a recognized system in English or one of the vernaculars of the state and properly closed and balanced from year to year and that the return made is in accordance both with the books and with the requirements of the Income-tax Regulation and rules. In explanation of this certificate there should be added a clear description of the nature of the books kept by the assessee.

4. Where an assessee's business extends over several places, a list of the several places in which the business is carried on together with information regarding the relations of the businesses with one another and the nature of the business carried on in each place should be added If it is claimed that different businesses or branches in which an assesse is interested are assessible separately and not as part of the main concern, the grounds of the claim should be stated for the decision of the Collector and if it is further alleged that the separate concerns are conducted as distinct partnerships, the terms of the partnership deeds should be stated for the Collector's information.

5. In every case of a firm with several branches the production of a general or head-quarter account must be insisted upon by the auditor and all adjustments between branches must be examined and a clear statement of such adjustments submitted to the Collector.

6. In cases in which trading stocks or stocks of consumable stores or working materials are carried over from year to year the nature of the accounts kept of stocks or stores, the manner of the verification of the same and the methods adopted in the valuation of the opening and closing balances must be stated. The prices of articles of merchandize shown in the assessee's books should be checked in as many cases as possible with the invoices or bills under which they were bought.

7. In the case of money-lenders it should be noted that what is taxable is the income accruing, arising, or received. Interest which accrues in the year is often not actually paid in it but is added to the capital and itself bears interest. It is also found that payments of capital and interest are often not distinguished in the accounts. In such cases the only fair way to assess the income of a particular year is to assess the income that accrues or falls due in it.

8. It is also a common practice for a trader preparing goods for sale and selling both his own and those of others to charge a commission on all sales and to show as his income from goods prepared by himself only the commission charged. In such cases the production of the accounts of the assessee's mill, tannery or other place where the goods were prepared must be insisted upon and except in cases where, for the reasons mentioned in paragraph 4 *supra*, the business at the place of sale can be regarded as distinct from that at the place of manufacture, the income of the assessee from the manufacture and sale of the goods prepared in his mill, tannery, etc., must be ascertained from the accounts kept at the place of manufacture and sale and exhibited in the profit and loss statement separately from the commission received on sale of goods received from other people. The sale proceeds of the goods prepared at the assessee's mill, tannery, etc., and of the goods received from others for sale on commission should also be specified.

9. Full particulars should be given of all deductions made from the gross income. No deduction should be made that is inadmissible under the income-tax rules or in respect of charges that were not incurred in earning the profits returned.

10. When a deduction is claimed on account of interest paid on borrowed capital, the auditor should satisfy himself that the borrowed capital was applied to the purposes of the trade or profession. Vouchers evidencing the payment of interest should be insisted on wherever possible. Charges on account of interest on a trader's own capital must be disallowed.

11. When losses not compensated for by insurance or otherwise are claimed as a set off against profits the accounts must show:—

(*a*) of what the loss consisted,
(*b*) when it was actually sustained and
(*c*) how it was determined to be a loss.

12. In the case of deductions claimed on account of bad debts the auditor must satisfy himself that the debts have been written off in the year and must obtain particulars as to.—

(*a*) of what the debts consisted,
(*b*) when they were created,
(*c*) when they became due,
(*d*) how they were actually determined to be worthless,
(*e*) whether they were included as income in the year of account or in any previous year, and
(*f*) whether they have not been written off to profit and loss before.

Care must be taken to see that a bad debt has been regularly brought forward in the ledger from year to year from the date on which the debt arose and that when once a particular debt has been *bona fide* and upon reasonable grounds written off to profit and loss in one year, no portion of such debt is carried forward so as to be set off against or taken in reduction of the profits of the next or any succeeding year.

13. An auditor may represent an assessee at an enquiry under the Regulation, but an auditor who in so doing took the position of an advocate would be considered guilty of misconduct.

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